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# CURRENT HISTORY

A Journal of Contemporary World Affairs



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# CURRENT HISTORY

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## EDITOR'S NOTE:

This year marks the fiftieth anniversary of the end of World War II, but it is also the fifth anniversary of the end of the cold war (not to mention the twentieth year since the end of the Vietnam War, a subject taken up in next month's issue). Thus the "postwar" in the title of this issue has a double duty, as do the articles that follow: to reflect on both the past and the future of the new "Big Three" that have emerged since 1945. The political, economic, and social changes that have occurred domestically in Germany, Japan, and the United States during the last half century are explored, as are the shifts that have appeared in the formal and informal security-economic alliances that bind the three. What emerges is an outline of the issues that will govern politics in the developed world as the millennium approaches.

## PUBLISHER'S NOTE:

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# CURRENT HISTORY

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Germany, the United States, and Japan—the triad states—“have many reasons to maintain a tight domestic focus and to de-emphasize preserving cooperation and current policy arrangements at any cost. Yet, ironically, some genuine estrangement may be just what long-term triad stability requires.”

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## America, Germany, and Japan: The Tenacious Trio?

BY ALAN TONELSON

The fiftieth anniversary of the end of World War II finds the United States, Germany, and Japan at a juncture as ironic and momentous as it is underappreciated. One of the biggest challenges the three have faced in the past is reemerging: accommodating each other's not always compatible desires for security, prosperity, and international influence.

America's overwhelming victory in 1945, its occupation and rehabilitation of its two former enemies, and the rise of a common Soviet threat understandably but misleadingly suggested to the world that the United States had resolved its differences with Germany and Japan once and for all. America seemed especially confident that the democratization of Germany and Japan had eliminated the fundamental sources of tension and conflict, and that new cooperative institutions would insure future harmony.

In 1995, however, the cold war looks like only a pause in this drama, not its conclusion. Although Russia retains a huge nuclear arsenal, the Soviet collapse has turned it into a secondary military and diplomatic player, unable to project power and sustain it much beyond the Soviet Union's old borders. China's growth rates could create the world's largest economy in decades, but China will long remain heavily dependent on foreign technology, capital, and markets—if it can hold together politically. Once again, the United States, Germany, and Japan—the world's leading sources of economic dynamism throughout most of the twentieth

century and clearly the world's three most important economies today—stand at center stage, and should remain there deep into the twenty-first century.

Yet the general harmony prevailing between the United States and the two other triad countries (as some analysts have begun to call the three) faces daunting tests. The cold war's end has undermined the geopolitical basis for systematic economic and security cooperation. It has also begun to transform the domestic economic, social, and therefore, political arrangements that have nurtured the forms of cooperation the triad has developed. As a result, despite their best efforts, the triad countries are being inexorably driven apart by the security and economic interests that flow from their different locations, cultures, and historical experiences. In addition, because of their highly uneven domestic effects, individuals and groups in each country are questioning the various intertwined security and economic bargains struck by their leaders.

Because the United States has structured triad relations since 1945, it is especially troubling that American political leaders have been the most reluctant to acknowledge these structural changes. Their insistence on preserving cold war instruments and arrangements after the struggle's end is likely to erode American security and prosperity and prevent the triad from finding more promising ways to manage relations.

### ALLIANCE PROBLEMS: DON'T ASK, DON'T TELL

Official American reluctance to rethink triad relationships stems from two principal factors. The first is an understandable determination not to tinker with success. In this view, America's alliances with triad countries have worked splendidly. They helped contain

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and ultimately win a nearly bloodless victory over communism; they also ensured the stability of economically vital Western Europe and East Asia by pacifying Germany and Japan. In addition to being democratized, these two historically troublesome powers were liberated from the need to conduct independent foreign policies by United States defense guarantees and offers of open markets for their exports.

Despite the Soviet collapse, many argue that alliance-centered triad policies are still needed as insurance against the vast nuclear and latent conventional power of an incompletely democratized Russia. And the enormous American economic stake in European and Asian stability requires that America preclude Germany and Japan from alarming their neighbors by fending for themselves in a still dangerous world. Thus, both the Bush and Clinton administrations have searched for new "out of area" missions for NATO, and have begun extending American security guarantees to some Central and Eastern European countries.

The United States determination to preserve triad military relationships also influences economic policy. In particular, American leaders generally tolerated allied—especially Japanese—protectionism. Dominating their thinking was a reluctance to undermine allied recovery during the early cold war years that could threaten free world unity afterward, but purely economic considerations were factored in, namely, an uncritical belief in free trade ideology.

The second reason for United States reluctance to reexamine triad relations are the unique views of alliances held by post-war American leaders. Statesmen have almost always regarded such arrangements in utilitarian terms; they were valued mainly insofar as they advanced national interests, and these were narrowly and conventionally defined. As soon as national interest dictated, alliances could be dissolved.

Americans, however, have long disagreed with this perspective. Despite short-lived linkups with Britain and France, early American leaders saw alliances—especially peacetime alliances—primarily as threats to freedom of action and as intrinsically odious features of conventional European power politics.

NATO, formed in 1949, was the country's first peace-time alliance, and despite a clearly compelling geopolitical rationale, American leaders and analysts alike felt obliged to describe it and its cold war cousins in terms completely unrelated to security. Secretary of State Dean Acheson, for example, characterized NATO as the fulfillment of a 350-year-old dream of a transatlantic community united "by common institutions and moral and ethical beliefs." John F. Kennedy was unable to think of NATO except in terms of the "Grand Design" he

cherished for transatlantic economic interdependence. Ronald Reagan regularly referred to NATO as a "sacred trust." Just as it seems illogical to question policies proclaimed to be resounding successes, it seems immoral to question arrangements held to be divinely ordained.

Of course, given victory in the cold war, the death of communism, and peace throughout most of Europe and Asia, America's triad policy obviously did contribute to great global success. Yet the question now before the triad is: can this policy be sustained?

In retrospect, it is clear that most of America's post-war record in organizing triad relationships was based on peculiar and ephemeral circumstances. America's triad policy plainly reflected a predominance in world military and economic affairs surpassing even that enjoyed by Victorian Britain. The gap between the United States and its allies was so wide that "protectorates" still seems a better label for these allies. Although remote from Europe and Asia, the United States bore much of its allies' military risks (even deploying American nuclear weapons and troops in tripwire configurations designed to force its involvement in far-off conflicts). America bore even more of

the economic costs of triad relations, not only paying for German and Japanese defense, but acquiescing in highly unequal trade arrangements. For example, the United States has tolerated enormous merchandise trade deficits with Japan for more than a decade, even though exchange rate shifts and improved American industrial competitiveness indicate that trade flows should be much more balanced. These deficits significantly limit economic growth and job creation in the United States.

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However, the Soviet military buildup greatly complicated United States strategy and NATO military doctrine. Pledging to risk nuclear war with a vastly inferior Soviet Union was one thing; running this risk against a foe capable of delivering devastating retaliation was something else entirely. The difference was not lost on America's European allies. The result was a series of repeated United States efforts to strengthen NATO's conventional forces and therefore confine any East-West fighting to Europe. The Europeans resisted such efforts, convinced that deterrence would be bolstered by confronting Washington with a choice of losing Europe to superior Soviet armies or launching nuclear weapons quickly, thus exposing United States territory to Soviet retaliation.

## DISSENTING OPINIONS

Quiescent during NATO's earlier debates over nuclear doctrine, Germany became a vocal and active East-West player in the mid-1970s. Through his policy of Ostpolitik, socialist Prime Minister Willy Brandt sought to defuse the East-West tensions that had made

his country Europe's likeliest battlefield. The 1980s witnessed even more vigorous German protests over alliance military policies that allegedly created special dangers for Germany, which was made clear by the controversies over deploying intermediate- and short-range nuclear missiles in the Federal Republic.

Japanese discomfort with the terms of alliance had become apparent by 1960, when violent, left-wing protests against renewing the bilateral security treaty forced President Dwight Eisenhower to cancel a planned visit. Although overshadowed by the Euromissile drama, Japanese anxieties in the 1980s about United States intermediate-range missile policy in Asia stemmed from the same anxieties about American credibility created by Soviet parity in intercontinental systems.

These disagreements also bred a number of diplomatic disputes within the triad during the cold war. Germany and America's other European allies had frequently backed more forthcoming policies toward the communist world than Washington preferred. German leaders were more supportive of America's Vietnam policy than their French counterparts. But as the Vietnam War dragged on, it sparked angry street protests and alienated many Germans from American power—and from the culture and society they blamed for its abuse. Bonn distanced itself more conspicuously from United States Middle East policy in the 1970s, preventing American military transports from using German bases for resupplying Israel during the 1973 October War. Ostpolitik had bred the first official German suggestions that their country could serve as an East-West bridge as well as a NATO bulwark—which worried American leaders until the Soviet Union's collapse.

Diplomatic divergence widened in the early 1980s, with Germans spearheading European opposition to Ronald Reagan's hard-line anticommunist policies. In addition to NATO nuclear doctrine, Americans and Germans quarreled over East-West trade, "Reagan Doctrine" support of third world anticommunist insurgents, and antiterrorism policies.

Japan's dissent from American policies was less pronounced during the cold war, but noteworthy nonetheless. Japan traded extensively with Hanoi and Beijing throughout the Vietnam War, and it regularly endorsed the anti-Israel positions of its Middle East oil-suppliers.

As with Germany and the rest of Europe, some of the most important United States-Japan cold war diplomatic disputes had strong economic overtones, such as quarrels over defense burden sharing. Yet American demands for greater burden sharing—which were rarely accompanied by American offers of power sharing—ran headlong into overwhelming Japanese and German public opposition to more prominent national military roles. Japanese opinion was so sensitive on this issue that Prime Minister Zenko Suzuki set

off a political firestorm in 1980 after accidentally referring to the United States-Japan security relationship as an "alliance."

German and Japanese dissatisfaction, brewing since a major United States economic imbalance emerged in the 1960s, intensified during the Reagan years as soaring United States budget deficits and high interest rates strained the international financial system, leaving America's German, Japanese, and other international creditors stuck with larger amounts of cheaper dollars. In the late 1980s, German and Japanese leaders became increasingly bold in suggesting that unless Washington curbed its free-spending ways (and agreed to their wishes in areas like trade) they would slash their financing of America's debt. Japanese leaders, in particular, also blamed America's trade imbalances and related competitiveness problems on its budget imbalances and social ills, not their own closed markets and predatory trade practices.

Yet these tensions stemmed ultimately from intra-triad disagreement about adjusting the terms of alliance to reflect growing economic parity. America was insisting that, as the alliance leader, it deserved some compensation on the economic front, where it was stumbling. It sought not only trade concessions but the right to preserve domestic social programs and hold the line on taxes while sustaining military spending that, after all, benefited the entire free world. Neither the Germans nor the Japanese, however, agreed.

Thus the waning of the cold war coincided with a sharp downturn in triad relations. In 1987, after discovering that a Toshiba subsidiary had sold advanced defense manufacturing equipment to Moscow, American Congressmen smashed Toshiba products in front of television cameras. Continually escalating United States trade demands prompted charges of racism by Japanese commentators. The F-15 jet fighter controversy showed how economic strains could disrupt hitherto sacrosanct defense cooperation. Americans of all stripes assailed Japan's reluctance to contribute to the Persian Gulf War effort. Maverick Japanese politician Shintaro Ishihara struck a chord in Japanese opinion with his *The Japan That Can Say No*, a 1989 polemic arguing, among other things, that Japan could paralyze the United States military by withholding shipments of certain microelectronics components. United States public opinion forced President George Bush to postpone a late 1991 trip to Tokyo aimed at celebrating bilateral ties; he later turned it into a trade mission, with nearly 20 American corporate chiefs in tow.

German-American relations seemed smoother, but the cold war's end exposed a startling new German penchant for unilateral action. Chancellor Helmut Kohl greatly sped up the process of German unification, ignoring strong French, British, Soviet, and American preferences for a go-slow approach. By pressing Hungary to permit East Germans to cross into the West

in late 1989, he unilaterally set in motion the events that led to East Germany's disintegration.

## THE ROCKY ROAD

Nowadays, friction within the triad is becoming as important as cooperation. Economic disputes between the United States and Japan break out with mind-numbing regularity. Leading Japanese thinkers are publicly and privately challenging long-standing American assumptions about their country's inevitable Westernization. Most prominently, senior Finance Ministry official Eisuke Sakakibara has argued vigorously in *Beyond Capitalism* that Japan has developed a market-based economic system qualitatively different from and superior to America's—and intends to keep it. In fact, Japanese leaders and intellectuals have begun to debate whether Japan should reverse its post-World War II grand strategy and tilt mainly toward Asia rather than the West. At the same time, Japan has blown hot and cold over proposals to form "Asians only" regional economic forums. And few Japanese have plunged into the "Asian values" debate with Western human rights advocates.

Significant diplomatic splits have also divided the United States and Japan. The North Korean nuclear agreement may have only temporarily quieted disagreement last year between the United States and Japan over how forcefully to respond to Pyongyang's nuclear programs. Japan also continues to trade with other "rogue states" such as Libya and Iran much more freely than Washington would like it to. Tokyo quickly reestablished full economic relations with China after the Tiananmen Square killings and, like most other major economic powers, openly opposed United States efforts to link China's trade status with its human rights record. Finally, Tokyo has energetically lobbied its East Asian neighbors to condemn unilateral American market-opening trade policies. And Japan has vowed to bring the United States before the new World Trade Organization (WTO) to fight unilateral sanctions on Japanese exports. These actions should put to rest assumptions that Japan is incapable of decisive diplomacy.

German-American relations have not been nearly as rocky, but serious problems continue to emerge. Washington and Bonn have favored vastly different approaches to the Balkan crisis; many Americans blame Germany for sparking the crisis by recognizing Croatian and Slovenian independence prematurely. Germany gripes about America's allegedly miserly aid to Russia, while Americans fault Bonn for actively trading with rogue states and enhancing their capability to create weapons of mass destruction. The two governments remain deeply at odds over the issue of promoting growth versus fighting inflation. And the United States

has miffed all European countries by repeatedly talking of tilting toward the Pacific and actively nurturing the Asia Pacific Economic Cooperation (APEC) forum.

The main reasons for these triad troubles go deeper than those commonly advanced, such as the disappearance of a common enemy or the growing importance of economics in world affairs. Three in particular stand out, and point to a difficult triad future.

First, the Soviet collapse has produced a qualitative—not merely quantitative—change in the cost-benefit calculus of American security policy, and a comparable change in the incentives perceived by United States allies for accommodating American wishes. At the heart of triad relations was the credibility of America's nuclear guarantee. The allies believed that America would defend them even if it was not directly threatened because American forces were deployed in tripwire configurations and the Soviet Union could threaten America as well.

The United States still has important interests in ensuring the security of Japan, Germany, and its other European allies from military attack. But Russia and China will lack the capability to prevail at reasonable cost in such conflicts for decades. Consequently, the toughest security dilemmas currently faced by America's alliances are in fringe areas—in the Balkans and the Spratly Islands. Yet although these "out of area" problems genuinely concern allies like Germany and Japan, they do not threaten any concrete American security or economic interests. Thus the United States is highly unlikely to risk casualties for their sake. This explains why there are no American peacekeepers on the ground alongside British, French, and Dutch forces in Bosnia.

As recognized by Hubert Vendrine, former French President François Mitterrand's chief defense adviser, "there are understandable isolationist tendencies growing in the United States where people want their own problems handled first and no longer want to solve the problems of others in their place." Similarly, a 1994 Australian government White Paper on defense observed, in the words of senior Australian defense official Hugh White, that the United States "will not be a regional policeman [in East Asia]... It won't seek, and it won't accept, primary responsibility for security in the region."

But if America stands aloof from the crises most relevant to allied concerns, how meaningful can such alliances be? Traditionalist foreign policy thinkers try to square this circle by pointing to the considerable, largely economic, United States stake in the stability of these regions. These interests are important. But there are two fatal flaws in this argument. First, configuring American military forces to achieve an essentially nonmilitary aim like "stability" would be daunting—unless soldiers are

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placed on every street corner in the Old World. Even so, it should be noted that the American NATO forces stationed in Germany and Greece did nothing to preserve Balkan stability. Second, Europe's stability in particular faces many threats other than revived German nationalism. Continued weak Western European economic performance could easily undermine the welfare states that have averted class conflict since 1945. Meanwhile, Western Europe's social cohesion could be unhinged by immigrant tides from North Africa or Eastern Europe—even if the latter regions remain peaceful but economically stagnant. An alliance targeting instability will be an alliance chasing a will-o'-the-wisp.

The second threat to triad tranquillity concerns differences among the triad economies. Although capitalism has defeated communism, Americans should recognize that capitalism comes in many different forms, each with major implications for relative national economic performance. Especially in a global trade regime, whose benefits are awarded on a nondiscriminatory basis, relatively closed economies like Japan's tend to become free riders. They realize the gains resulting from open economies elsewhere (for example, the United States) while protecting their own markets. The United States, Germany, and Japan typify three leading models of contemporary capitalism with distinctive social policy priorities. All three differ substantially on what the state's proper role is in promoting business; in protecting individuals and social harmony from the market's excesses; on macroeconomic policy issues such as emphasizing consumption or investment; on antitrust questions; on corporate finance; and on many other issues that decisively affect international competitiveness.

America's economic predominance trivialized the differences between these forms of capitalism. Thus in the early postwar decades, the future of an open, relatively harmonious world economy looked bright. Today the outlook is dimmer—because the eight postwar rounds of multilateral trade negotiations have reduced most tariff-related trade barriers to insignificance; because America's economic superiority is greatly diminished; and because the impact of so-called nontariff trade barriers (which typically include not only the aforementioned government assistance programs but legitimate domestic regulations enacted for nontrade reasons) has become so much greater. Yet the domestic social and cultural roots of these barriers make their elimination or even harmonization excruciatingly difficult.

Also possibly exacerbating sharper economic disputes is the uneven pattern of economic interactions among the triad countries. The United States has had huge trade deficits with Japan since the mid-1980s. Even more troubling, the United States increasingly exports commodities to Japan and imports finished goods—a pattern typical of first world–third world

trade and unlikely to ensure America's future power and prosperity. These differences have persisted despite big swings in macroeconomic trends—like exchange rates or overall growth rates—and despite a striking, universally acknowledged comeback by many United States industries. The United States has run a trade deficit with Germany for a comparable period, but it exports many more high-value goods to Germany, and the trade balance has been profoundly affected by changes in exchange rates and national growth rates.

These systemic economic differences could well produce constantly shifting two-against-one alliances, a common pattern in triangular relationships. But they have already created a larger problem: competition to influence the evolution of the world economy. The creation of the WTO, the absence of an American veto in the organization, and the issue of China's accession have exposed the fundamental issue facing the world economy today: will it be shaped mainly by free trade or mercantilist principles? Germany, Japan, and the United States live on different points along the intervention-free market spectrum. Each will undoubtedly pursue new international economic rules that validate its time-honored policies.

The struggle will be waged in the field, too. The international economy is being shaped not only by negotiations, but by the capital, technology, and management practices that each triad country can mobilize to spread its economic system into new markets. Wherever a country's multinationals or state-owned enterprises dominate, its economic systems will usually predominate as well. Consequently, establishing a commercial presence when new foreign markets are first developing is critically important. Of particular concern to the United States today is the spread of Japan's collusive corporate networks into booming East Asia, and Germany's corporate structures and business law in Eastern Europe.

Finally, cooperation within the triad will continue to be constrained by the post–cold war politics that are shaking up beliefs and coalitions that seemed stable only a decade ago. In the United States, for example, new political alignments have already emerged on issues such as international trade and foreign military interventions (for example, the strange bedfellows phenomenon of certain leftists and rightists uniting to oppose NAFTA and the WTO, or the specter of Vietnam-era doves turning into Bosnia or Haiti hawks, and vice versa). In addition, great fissures have begun to appear in the Republican Party, whose internationalists and America Firsters, free traders and protectionists, and cultural and economic conservatives were all united during the cold war mainly by the anticommunist cause.

Equally profound political changes are rocking Japan. Like America's Republicans, the long-ruling Liberal Democratic Party (LDP) has been essentially a con-

servative anticommunist coalition now totally lacking issues-related reasons around which to cohere. Some voices in Japan—such as former LDP kingmaker turned reform advocate Ichiro Ozawa—urge Japan to become a “normal country,” assuming greater responsibilities for international security and prosperity. But Japan still seems to lack strong mechanisms for turning public sentiments into new policies. Moreover, increasingly popular nationalistic views (on the worth of Japanese capitalism or on the country’s Asian destiny), suggest that a reformed Japan will not be significantly easier for the world to deal with. Indeed, nationalism plus the economic pressures created by the yen’s high value, could turn Japan inward rather than accelerate internationalization.

In Germany, Helmut Kohl’s long years in office indicate a fundamental stability in that country’s politics. Yet because of reunification, the potential for tectonic change among the triad countries may be the greatest here. Although the cost of integrating eastern and western Germany has been huge and not yet fully paid, the likely long-term economic benefits are equally impressive.

To date, reunification has not generated any unusual upswing in German nationalism. Moreover, 45 years under sharply different political and economic systems have created a stubborn social and cultural gap between “Wessies” and “Ossies.” Nonetheless, a reunified Germany is simply too big, too wealthy, and too powerful to remain a diplomatic and military pygmy; its increased weight has already been felt in European Union economic policy and diplomacy. As memories of the Nazi era fade, so will Germany’s inhibitions. Moreover, resentment of its defeated-power status (as exemplified by its lack of a permanent United Nations Security Council seat and the presence on its territory of Western military forces obviously intended for its own containment as well as Russia’s) is likely to grow.

Economic strains could also fuel German nationalism. Germany still faces a challenge that America has in many respects already confronted squarely—paying the social price for enhancing national competitiveness. For all its strengths, German industry is still weighed down by heavy regulation and an enormous welfare state. Moreover, the sheer magnitude of this welfare state and German social history suggest that Germans will not accept a new austerity as meekly as Americans have.

### LOOSER TIES THAT BIND

Thus all the triad states have many reasons to maintain a tight domestic focus and to de-emphasize preserving cooperation and current policy arrangements at any cost. Yet, ironically, some genuine estrangement may be just what long-term triad stability requires. As they stand now, triad relations could be headed for a major crack-up. Governing classes in the three coun-

tries—especially in the United States—continue to rely on sentiment and on institutional arrangements born of American predominance to smooth out their difficulties. Today, however, the United States, although still first among equals economically, can no longer simply impose its will on Germany and Japan; its triad counterparts have acquired significant influence over the United States.

Fifty-year-old institutions can no longer contain the tensions created by these new power realities. After all, international institutions are expressly designed to ignore power considerations and disparities and to place states on an equal footing. The aim is to ensure that their disputes are resolved according to law and right, not might. Yet despite these designs, international institutions cannot escape power realities, and individual countries approach them with expectations inevitably reflecting their power positions—especially when that position is strong. Therefore, United States efforts to use institutions to contain rising powers like Germany and Japan could easily degenerate into angry charges of hypocrisy, bad faith, and betrayal, and equally angry actions.

De-emphasizing institutions could allow the triad countries to find a natural, peaceful equilibrium. Plenty of cooperation would still be possible and in fact, likely. But it would take place on an issue-by-issue basis. Economic confrontations would continue and, further down the road, could spill into the security sphere. But economic interdependence and mutual vulnerability would be powerful restraining influences. In the case of Germany and the rest of Europe, moreover, the substantial economic ground they share with America could well create opportunities for intensifying transatlantic economic cooperation—and even negotiating a transatlantic free trade agreement.

Overall, however, triad relations would have to be managed in the fullest sense of that word. Triad governments could no longer delude themselves into thinking that laws and systems and warm memories can painlessly solve all of their problems for them. Instead, they would have to rely on their own judgment, shrewdness, and prudence to solve their problems peacefully. They would also have to rely on their ability to build and maintain the economic power needed to bargain from strength.

This is clearly a tall order. But one of the triad’s most unusual features is its members’ geographic remoteness. Their geopolitical interests contain few built-in tensions or conflicts (as do Russia’s and China’s, for example). Their peoples bear few emotional grudges from atrocities committed against each other. Therefore, they are confronted by few of the structural obstacles preventing peace and less than utopian cooperation found in other groups of countries. Their worst enemies today are not their histories but their illusions. ■

"The United States found itself in the best of all possible worlds in the 1990s, having won the cold war but still holding considerable sway over Germany and Japan. . . This was not by accident, since during the cold war the United States built two systems: the containment system, which provided security against both the enemy and the ally, and the hegemonic system, which provided American leverage over the necessary resources of our industrial rivals. Both systems survived the cold war intact."

## Kennan, Containment, Conciliation: The End of Cold War History

BY BRUCE CUMINGS

The ostensible conflict in the years of the cold war was a global struggle between communism and capitalism, with frightening military formations arrayed along a central front in Europe. Others see it as an imaginary conflict, a shadow obscuring the real history of the past four decades; hardly any lives, they note, were lost along the central axis of conflict in Europe.

This latter view has occasioned two verdicts on the cold war: British scholar Mary Kaldor has argued that containment worked because there wasn't anything serious to contain; the Soviet Union had no intention of invading Western Europe or Japan, and the bipolar conflict's main use was to discipline Soviet and American allies. Diplomatic historian John Lewis Gaddis uses the same evidence to argue that cold war led to a "long peace," the result of the effective implementation of George Kennan's containment doctrine.

But containment's intelligent geopolitical vision was transformed into something else as that vision moved from doctrine to policy, and neither its original formulation nor its metamorphosed version has much to offer us in understanding 1990s geopolitics. Containment had a brilliant birth and a vexing adolescence and maturity, but its time has passed.

### RIGHT FOR THE WRONG REASONS

The core of George Kennan's containment vision was a parsimonious theory of global industrial structure combined with an idiosyncratic view of Soviet for-

ign policy behavior, both growing out of his "realist" worldview. Kennan's *realpolitik* conception of national industry considered an advanced industrial base essential to war-making capacity and great power status; the West had four of these, the communists had one, and things should be kept that way. Containment meant defending the United States, England, Western Europe, and Japan, but not worrying about every brushfire war or revolution in the preindustrial underbelly. It was a view shaped by decades of great power conflict, not only the long civil war in twentieth-century Europe but also the nineteenth-century scramble for advantage, territory, and concessions. As for the Soviet Union, Kennan saw it as a nation-state disguised as a conspiracy, a regional power that deployed real strength only in its near reaches; an empire enlarged by amoeba-like agglomeration, its expansion could be blocked by an "adroit and vigilant" application of counterforce and ample doses of sobriety and patience.

This was the core conception for dealing with the "core"—the great powers running along a North-North axis from Washington through Europe to Tokyo. But there was also a peripheral conception for the "periphery," still mostly colonized but soon to be known as the third world or the South. Here Kennan was even more idiosyncratic (but by no means alone in the 1940s), imbued with turn-of-the-century ideas about civilization and barbarism and the warp of race. Kennan reversed the classic imagery of the Chinese emperors: Asia for him was the far periphery of a high civilization that radiated outward from Western Europe. Civilization began to dim, however, in Eastern Europe, becoming even bleaker in Russia (most of whose vices were "Oriental"), and when one reached China and its little brother, Korea, one truly scraped the barrel of civilization. Japan was the exception in Asia, not just because of its "petite culture" but because it had an industrial base. America

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was also a step behind the European Middle Kingdom, something Kennan had always believed but has become apparent outside scholarly circles only recently.

These views remained firmly fixed in Kennan's mind, giving his policy recommendations a curious prescience founded in anachronism. Three great and bloody cases in the so-called long peace since World War II—China, Korea, and Vietnam—serve as examples.

On the divisive issue of China, Kennan believed that the United States should not intervene in the civil war during 1947-1949 because China was incontinent, and how could you have containment with incontinence?<sup>1</sup> China, he wrote, was "a country with a marvelous capacity for corrupting not only itself but all those who have to do with it; . . . you can help any government but one which does not know how to govern." The day would come when those Chinese who reviled American "imperialism" would "long bitterly" for its return. In the meantime, the West should keep out. This vintage Orientalism existed side-by-side with a shrewd grasp of the limits of American power: "We must realize that there are in China tremendous deep-flowing indigenous forces which are beyond our control." There was also the simple fact that China had no integrated industrial base, essential to any serious capacity for warfare.

Some places in the world, Kennan once remarked, get Russian domination and "deserve it." Asia was where most of those places were. If China was an opaque miasma for Kennan, too amorphous and corrupting even to make a good colony, Korea was even less capable of acting in history, and therefore could make a good colony or dependency—not for the United States, but for Japan.

In August 1950, when the Korean War's outcome remained very much in doubt, Kennan set down his thoughts on "Far Eastern Policy" for Secretary of State Dean Acheson. "First of all," he wrote, "we should make it an objective of policy to terminate our involvements on the mainland of Asia as rapidly as possible on the best terms we can get." This included getting out of the "hopeless" mess the French had made in Indochina—and a pullout in Korea, too, if the United States could arrange "a Korea nominally independent but actually amenable to Soviet influence, provided this state of affairs . . . were accompanied by a stable and secure situation in Japan. . . . From the standpoint of our own interests it is preferable that Japan should dominate Korea than that Russia should do so."

Japan was "the most important single factor in Asia," Kennan continued, but at the moment it was "too weak to compete." However, "with the revival of her normal

strength and prestige," Japan would be able to regain her influence in Korea.

Kennan's callousness about Japan's record in Korea was unfortunate. But Japan held his attention because it was the only industrial power in Asia, something far closer to reality than the morbid fear of China that ensued for two decades, or the disastrous plunge into an Indochina having but a feather's weight in the balance of power (intervention that Kennan always opposed). Kennan seemed always in the position of being right for the wrong reasons, setting out a private and eccentric logic.

We can sum up Kennan's containment vision circa 1949 by saying he had a policy that worked for Western Europe and Japan (the first world), one that might have worked far better than the actual American policy toward the Soviet bloc (second world), and little or nothing to offer the third world except continued domination by the great powers—benign neglect and no tears.

## THE PAST INTERPRETED

What now of the transformation of containment into something else? We can begin again with George Kennan, who in 1994 was less sure of what the end of the cold war meant than most analysts, just as he was famously unhappy with the implementation of his containment doctrine: "I viewed [containment] as primarily a diplomatic and political task, though not wholly without military implications. I considered that if and when we had succeeded in persuading the Soviet [leaders] that the continuation of [their] expansionist pressures . . . would be, in many respects, to their disadvantage, then the moment would have come for serious talks with them about the future of Europe. But when, some three years later [1950], this moment had arrived—when we had made our point with the Marshall Plan, with . . . the Berlin blockade and other measures—when the lesson I wanted to see us convey to Moscow had been successfully conveyed, then it was one of the great disappointments of my life to discover that neither our Government nor our Western European allies had any interest in entering into such discussions at all. What they and the others wanted from Moscow, with respect to the future of Europe, was essentially 'unconditional surrender.' They were prepared to wait for it. *And this was the beginning of the 40 years of cold war.*"<sup>2</sup>

What does this mean? How can we interpret this rendering of history? Kennan is speaking about the period from the explosion of the Soviet atomic bomb and the victory of the Chinese Communist revolution in the fall of 1949 to the outbreak of the Korean War in June 1950 and his replacement as director of policy planning in the State Department by Paul Nitze. Close scrutiny of the critical turning point in American foreign policy that occurred during this period (which also saw Kennan return to Princeton University) uncovers a different history.

<sup>1</sup>For this and other references to original documentation, see Bruce Cumings, *Origins of the Korean War, II: The Roaring of the Cataract, 1947-1950* (Princeton: Princeton University Press, 1990), from which this article draws.

<sup>2</sup>The New York Times, March 14, 1994 (emphasis added).

Containment worked for Western Europe and Japan because Kennan's geopolitics fit with Secretary of State Acheson's political economy. The struggle with communism was but one part—the secondary part—of an American project to revive the world economy from the devastation of the global depression and World War II. At first the problem seemed to be solved with the Bretton Woods mechanisms elaborated in 1944. But by 1947, when these had not revived the advanced industrial economies, the Marshall Plan, the "reverse course" in Japan, and a period of unexpectedly unilateral American hegemony ensued. When, by 1950, the allied economies were still not growing sufficiently, NSC-68, a document written mostly by Nitze but guided by the thinking of Acheson, finally hit on military Keynesianism as a device that did indeed prime the pump of the advanced industrial economies (and above all, Japan).<sup>3</sup>

In 1947 Kennan, as head of the policy planning staff, had articulated the "reverse course" for Japan or what we may call the Kennan Restoration. Acheson wanted Japan revived as an industrial power of the second rank and posted as an engine of world-economy accumulation, whereas Kennan wanted it restored as a regional power of the second rank, hamstrung by American hegemonic power but free to dominate its historic territory. Acheson and other internationalists had a world-economy conception of how Korea, Southeast Asia, and other places in the pullulating Asian hinterland could be hinged to the revival of Japan; Kennan, however, wanted the Japanese back in such places to butt up against the Soviet Union or its allies, thus to establish a balance of power like that at the turn of the century. A regional economy driven by revived Japanese industry, with assured continental access to markets and raw materials for its exports, would kill several birds with one stone: it would link nations threatened by communism, weave sinews of economic interdependence with Japan and the United States, make Japan self-supporting, and help draw down the European colonies by getting a Japanese and American foot in the door of the pound and franc blocs in Asia.

Kennan's strategy also had a curiosity mostly missed in the literature, based on an unspoken premise: the doctrine was meant both to contain the enemy, the Soviet Union, and the allies—mainly West Germany and Japan. West Germany and Japan were shorn of their previous military and political clout, but their industrial economies were encouraged to become engines of

<sup>3</sup>See William Borden, "Military Keynesianism in the Early 1950s" (paper presented at the International History Workshop, University of Chicago, February 14, 1994).

growth in the world economy. Meanwhile, the United States kept both countries on defense dependencies and shaped the flow of essential resources to each (especially cheap energy from the Middle East), thus accumulating a diffuse leverage over all their policies and retaining an outer limit veto on their global orientation.

The real reason for the long peace between the superpowers was that the Soviet Union shared the American perspective to a much greater degree than is generally recognized. Stalin's doctrine, which became the lifelong doctrine of Foreign Minister Andrei Gromyko, was to contain not only the United States, but also any hint of revanche in Germany and Japan; to contain an Eastern Europe that had been fertile ground for conflict before both world wars (Soviet domination froze the Balkan problem that had so vexed the allies at Versailles and that has been the cockpit of disorder in the post-cold war period); and also to restrain restive third world clients who might draw Soviet might and prestige into unwanted peripheral clashes with the United States. When push came to shove the Soviet Union pulled its forces out of northern Iran in 1946, cut off the Greek guerrillas in Greece's civil war, distanced itself from direct involvement in the Korean and Vietnam Wars, and withdrew from the brink over Cuba in 1962. Meanwhile it laid siege to West Germany and Japan.

Out of this the United States got much, but by no means all of what the Wilsonian and Rooseveltian internationalist vision had promised: free trade and open systems in the capitalist realm; Japan and West Germany as motors of the world economy; access to most of the former pound-, franc-, and yen-bloc colonies; and the full eclipse of isolationist influence on

foreign policy. But the existence of a second world meant that defense bulwarks had to be created, usually with expensive American bases and ground forces; moreover, enormous state bureaucracies proliferated at home to service the containment bridgeheads. Defense expenditures, however, also created "virtuous" deficits that primed the economic pump at home (military Keynesianism). The system always retained the potential for reintegrating selected Marxist-Leninist states into the capitalist world economy (Yugoslavia in 1948 was the first, China in 1971 the second; today Vietnam is stitching its ties to the world economy, North Korea clammers on the outriggers to be brought in, and only Cuba remains a holdout—primarily because of a rigorous American embargo on the island's economy).

## KOREA: THE TURNING POINT

The Korean War will eventually be seen as much more important than the Vietnam War, because it was

the crisis that built the American national security state and pushed through the money to pay for it, and because it was the war that transformed and stabilized containment. From June to December 1950, the United States defense budget nearly quadrupled (from roughly \$13 billion to \$54 billion in 1950 dollars). From that point onward, agencies of hegemonic maintenance proliferated in the state, the military, and the economy. This military-industrial complex, a set of complex and highly articulated interests accustomed to feeding heartily at the public trough, has persisted right through the ostensible end of the cold war and its presumed "peace dividend" in a perfect example of Joseph Schumpeter's conception of imperialism as an atavism.

The period between 1949 and 1952 also witnessed a transformation in partisan politics in the United States. The principled fiscal conservatism of the Taft wing of the Republican Party gave way to an uneasy coalition between Eastern Republicans (such as the Dulles brothers and Nelson Rockefeller) and a newly rising Western Republicanism (Nixon, Goldwater, Reagan)—a coalition that had a large gap in its fiscal conservative theory caused by the immense defense spending that had founded one Western (often Southern Californian) industry after another. In the 1950s and 1960s the Eastern wing was dominant, in part because it came together in the middle of the political spectrum with cold war and interventionist Democrats, but the rise of Western Republicanism is inexplicable apart from this history of the American national security state.

In 1949–1950, however, there was no bipartisan consensus on Asia, no money to pay for the proposals spelled out in NSC-68, and no agreement on containment as the preferred strategy. Thus, by early 1950 a rollback strategy had emerged in the Truman administration in opposition to containment policy, with liberal internationalists increasingly excluded from the inner circles of decision. The debate had changed from "accommodation or containment?" to "containment or rollback?" a debate embodied in NSC-68. In this document containment was no longer passive and reactive: "As for the policy of 'containment,' it is one which seeks by all means short of war to (1) block further expansion of Soviet power, (2) expose the falsities of Soviet pretensions, (3) induce a retraction of the Kremlin's control and influence and (4) in general, so foster the seeds of destruction within the Soviet system that the Kremlin is brought at least to the point of modifying its behavior."

The document also referred to "the checking and rolling back" of the Kremlin's drive, "to check and to roll back" its putative attempt at world domination, and the inauguration of "dynamic steps to reduce the power and influence of the Kremlin."

To the extent that some policymakers converged on a rollback policy in the spring of 1950, it is to be explained both by the superordinate mechanism of "who lost China," an interpretation of the Chinese rev-

olution that enabled conservatives to refight the 1948 election and the New Deal, and by the truly important instrument of a recrudescence Japan, hinged to a regional political economy, much of which was in communist hands. Liberals and conservatives united behind Acheson's June 1950 containment decisions in regard to Korea, and then merged on a march into North Korea—but for different reasons. "Limited" roll-backers (Acheson and President Harry Truman) wanted the brakes applied at the Yalu River, while the others (especially General Douglas MacArthur) wanted to careen into an unknown wilderness called China, thus to refight its revolution.

An unstable compromise on containment came together via the march into North Korea—for about two months, from late August to late October 1950. NSC-81's call for a "roll-back" in northern Korea met a regrouped Korean People's Army and 200,000 Chinese "volunteers," causing the worst international crisis since 1945 and limiting a war that could not be limited in Washington. In the winter of 1950, foreign policy centrists like Acheson, Nitze, and John Foster Dulles discovered belatedly that containment had become the policy. The rollback strategy and its historic constituency then drifted toward the oblivion of crackpot surrealism and nostalgic reminiscence.

Centrist rollback had failed, but it was blamed on Asia-first roll-backers. In the interests of bipartisan consensus a revisionist history emerged: MacArthur, the lone wolf, would be faulted, and Dulles would merge with the comfortable broad middle, using rollback rhetoric to sate the outraged appetites of the right wing during the Eisenhower period. The failure of Korean rollback put decisive outer limits on "positive action" for the next several decades. Containment was the real Eisenhower policy, vastly preferable to the centrist elites then in control of foreign policy, just as it was the central policy of the Reagan years, despite a brief Indian Summer of the "rollback" strategy in the early 1980s.

John Foster Dulles, putative architect of rollback, searched for a place where a "mini-rollback" might be accomplished, getting in and out unscathed without provoking the Chinese or the Russians. The paltry place of choice, which Dulles brought up frequently, was Hainan Island off the Sino-Vietnamese coast. Like another roll-backer—Ronald Reagan at Grenada in 1983—Dulles was reduced to an "island" strategy, a "quick in, quick out" chimera. But of course Dulles never tried, and well before the 1956 Hungarian rebellion (usually thought to spell the end of his rollback fantasies), he had criticized "preventive war" doctrines and rollback; trying to "detach" satellites from the Soviet Union, he said, "would involve the United States in general war."

The Korean War thus fathered a virtual "stalemate machine" in Washington that governed one intervention after another, producing rapid entry but no effec-

tive exit—except in the “quick in, quick out” island strategy, a scenario possible only with places the size of Martha’s Vineyard. The Korea-forged boundaries on containment explain the bipartisan stalemate between conservatives and liberals over the Bay of Pigs in 1961, the Vietnam War, and the compromise on whether to contain or invade and destroy the Nicaraguan revolution in the 1980s. Here was the crucible that produced American anticommunist strategy.

This is the real history that produced a containment strategy that would work politically at home, strategically abroad, and that explains the relative peace and quiet of the North during the cold war. East Asia, however, had a violent and bloody history that taught a lesson Kennan had already understood in 1947: only his limited conception of containment would work. After the crisis of 1950–1951, containment thus became the preferred doctrine. A historical compromise established foreign and domestic alliances that were relatively stable after this crisis, lasting through the Vietnam War and the Nixon/Ford withdrawal from Indochina, the détente of the 1970s toward the Soviet Union and China, the “second cold war” of 1979–1985, and Gorbachev’s détente-cum-abdication of 1985–1991. Pleasing no one entirely, containment gave almost every interest something of what it wanted. Given a restive right wing, however, tradeoffs were required: Taiwan, Guatemala, the Dominican Republic, Grenada, and the like.

## REASON TO REJOICE?

In the 1990s the dialectic of containment and rollback seems over as an anticommunist strategy. “Containment of communism” seems rather a joke, not to mention “rolling it back” (they rolled themselves back). There are decidedly few communists to contain, and those few are so defensive and vulnerable that the expansive force of their system is just a memory. But the domestic interests that formed around the containment system remain dominant, and still find utility in third world interventions, now directed against assorted “renegade states.” In 1991 the United States was again at war, to “contain” Iraq’s invasion of Kuwait: but, as it happened, not to “roll it back.” The tanks screeched to halt well short of Baghdad, thus to avoid another Korea (according to President Bush’s national security adviser, Brent Scowcroft).

Containment was a strategy of anticommunism; it is an artifact of the 40-year history of the cold war. As I have argued, it was a different sort of containment than Kennan envisioned, and with the collapse of communism its history has ended. But what about Kennan’s original, limited conception of “dual” containment? Does it have any relevance for the 1990s? After 1989, advocates of realpolitik were quick to argue that “West-West” conflicts would quickly replace the East-West conflict; they also worried that Germany and Japan had not fully learned the lessons of their defeat in World

War II, or that intercapitalist rivalry would only be deepened by the end of the cold war, or that a “reemergent threat” (in Pentagonese) would take over Russia.

As of late 1995, however, West-West conflict has lessened since 1989. The German and Japanese post-war democratic revolutions are not in jeopardy; the neo-Right in Germany is more worrisome, to be sure, than anything that has happened in Japan, where cold war-structured conservative political rule collapsed in 1993, thus deepening Japan’s democratic commitments. Above all, the United States found itself in the best of all possible worlds in the 1990s, having won the cold war but still holding considerable sway over Germany and Japan (especially the latter). This was not by accident, since during the cold war the United States built two systems: the containment system, which provided security against both the enemy and the ally, and the hegemonic system, which provided American leverage over the necessary resources of our industrial rivals. Both systems survived the cold war intact.

What would George Kennan say about all this? He might say that his cherished “West” has won, and ought to understand this fact; also, that if there are still six or seven advanced industrial structures in the world, there is no power that even purports to threaten them and none with the capacity to do so; that superpower Soviet Union has revealed itself to be what he always thought it was, big power Russia, still deeply conflicted about its position in the world (not a minor problem, but nothing like Stalin’s Soviet Union); that the West’s victory was much too expensive and far too late in coming; and finally, that high GNPS and high technology are no substitute for the civilizational project of the West, which he believes to be in serious decline with few signs of revival.

In the end I imagine that Kennan is sad for his country in 1995. The Clinton administration originally set for itself a long-postponed project, the American perestroika needed to dismantle the obsolescent cold war structures built up during the past four decades and set about America’s real task: peaceful economic competition with Europe and Japan, and a reform of the domestic social order. Under political pressure from the national security establishment, however, Clinton abandoned any serious defense conversion program—and the 1994 congressional elections seem to assure that he will not revive it before the 1996 presidential elections. A reversal could occur, however, if we understand that the chances for cooperation and partnership among the great powers are better than at any time since 1919, and that America’s main problems are at home. This was, after all, what E. H. Carr, one father of the realist school in international relations, sought to say at the end of the 20 years’ crisis in 1939: that “ultimately the best hope of progress towards international conciliation seems to lie along the path of economic reconstruction.” ■

**"Nothing is inevitable in politics, but there is evidence that the domestic order forged by the cold war is coming apart, ushering in a period of political disarray and posing daunting new challenges for parties and presidents. This decay and the tasks it implies will increasingly define the fault lines in American politics."**

## America After the Long War

DANIEL DEUDNEY AND G. JOHN IKENBERRY

**T**here is universal recognition that the end of the cold war marks the close of one era and the beginning of another. The collapse of the Soviet threat promises both improved global security and a hefty worldwide peace dividend. American politics without the cold war, however, may not be so benign—the end of the East-West conflict holds deeper implications for the American polity than has been recognized.

Despite the widespread expectation that relations between the Western democracies would be disrupted with the end of the cold war, it is the case that relations within those democracies have been more profoundly disturbed. At the moment of victory of Western institutions over their rivals, Western polities are disoriented and dispirited, and Western leaders have unprecedentedly low approval ratings. While the domestic disarray in the West does not begin to approach that in the former Yugoslavia and Soviet Union, it is surprising and reveals a darker legacy of the cold war era.

The aftershocks of the cold war's end have been slower to register in the United States than in front-line countries, but the effects are already visible and growing. The war's end weighed heavily in the reelection bid of George Bush, the quintessential cold war president whose foreign policy accomplishments could not prevent a precipitous drop in popularity from an unprecedented high to electoral defeat in less than a year. Domestic political coalitions have begun to unravel, seen most dramatically in the strongest third party presidential showing since 1912 in the 1992 presidential election. The dramatic Republican capture of both houses of Congress in the 1994 midterm elections underscores the volatility of post-cold war American politics. Public support for American involvement in the world is waning—particularly in areas of foreign

aid, military involvement, and United Nations support. Unlike the Soviet threat, which stimulated national unity, the emerging politics of global trade and finance pit region against region, and class against class.

The diplomatic historian John Lewis Gaddis has dubbed the cold war era "the long peace": the longest period of general peace in Europe in modern times. But from the American public's standpoint, it has been "the long war." Since the late 1930s, the United States has sustained a nearly continuous military mobilization for global war, an effort that has profoundly shaped and changed the country. In the flush of triumph and optimism, it is easy to overlook the key historical fact that the great half-century struggle with fascism and communism made it easier—perhaps even possible—to cope with a wide array of domestic problems. Mobilization during the long war set a new mold for relations between the state and society, between the institutions of government, and between the parties, and it reshaped the national identity.

Foreign struggle had great domestic benefits for the United States. Mobilization for global conflict required a "social bargain" that effectively modernized and democratized American institutions. It is easy to forget that before World War II, the American political system had reached an impasse in responding to the demands of industrialization and state building. The permanency and pervasiveness of international conflict, beginning in the 1940s, required and enabled the United States to build a strong modern state, manage an industrial economy, reduce social inequalities, and foster national cohesion. It was the fascist and communist challenges from abroad that stimulated the progressive development of American capitalism.

The end of the cold war threatens to unravel these accomplishments and return the United States to the impasses of the 1920s and 1930s. If modernization and democratization were accidental side effects of this struggle, then it may be beyond the capacity of the American polity to sustain this institutional legacy. As the social bargain unravels, it will have to be rewoven. The tasks ahead are not simply manipulation of the budget, but reconstitution of the underlying domestic

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consensus on an activist state, social welfare provisions, and the political bases of national identity. This reweaving will be inextricably connected to the redefinition and reordering of the parties and the presidency. The future holds not a return to mythical or halcyon normalcy, but rather a potentially divisive struggle over the basic principles of the American political and economic order.

## PREWAR DOMESTIC DILEMMAS

To understand the domestic impact of the cold war, it is necessary to recall the underlying trajectories and dilemmas of American political development before permanent global engagement. Since the middle of the nineteenth century, American institutions, like those in other major countries such as Germany, Japan, and Russia, have had to cope with and adapt to the manifold imperatives of spreading industrialization. Industrialization brought with it capitalist cycles of boom and bust, which generated demands for elaborate and powerful mechanisms for state intervention and management of the economy. In addition, the emergence of a mass urban working class produced the "social problem" and the attendant need for a social "safety net" of labor laws, unemployment insurance, retirement income, and welfare provisions. Finally, industrial societies tended to become much more occupationally and socially stratified while at the same time more densely linked and integrated, thus generating the need for new forms of national identity and cohesion.

In the United States, efforts to cope with these dilemmas ran against the grain of the American system. America was better equipped to deal with these problems than countries with feudal social and autocratic political systems—such as Germany, Russia, and Japan, where violent revolution ensued. But the twin pillars of the American political system—individualism and limited government—imposed formidable political constraints. In the late nineteenth and early twentieth centuries, the populist and progressive reform movements met with only modest success in mobilizing sufficient political power to restructure American institutions.

In the decade immediately before World War II, however, the United States was mired in economic collapse and political impasse. Although the populist-progressive coalition had a working majority, entrenched opposition to modern state building had blocked important institutional change. By the mid-1930s, when the first New Deal programs had lost momentum, America suffered from chronic economic stagnation, class warfare, and political disarray. Despite the magnitude of the problems and the breadth of the awareness that change was necessary, the decentralized American political system hindered the mobilization of necessary political power to restructure core American

social, political, and economic institutions. Without external pressures, these features of the American regime impeded the emergence of a modern state and the realization of progressive social goals set in the industrial era.

## THE COLD WAR ORDER

The domestic political order of the United States has been profoundly altered by a half century of global engagement. Beginning with rearmament in anticipation of World War II, intensifying during the struggle with the Axis powers, and routinized with the four decades of cold war, American political development took a new direction. America's rise to global engagement required major institutional innovation that broke through the impasse of political development and accomplished much of the progressive agenda. Fifty years of global engagement produced changes in four domestic areas: the strength of the state, economic management, social equity and welfare, and national identity. The United States, in effect, reaped the benefits of such change without mobilizing a national political consensus for domestic modernization. The long war forged a social bargain, but it was an accidental one.

War and state building have been intimately connected throughout history, and the United States is no exception. From the Declaration of Independence to the beginning of World War II, war played a crucial role in the expansion of central state power. The need for a sufficiently strong central government to fend off European economic and military predations was a decisive factor in the ratification of the Constitution. During the Civil War the strength of the central government grew with the establishment of the federal banking system, conscription, direct taxation of individuals, the transcontinental railroad, and the Homestead Act; the war also saw the strengthening of the presidency within the national government. The demands of World War I led to further expansion of the powers and resources of the central government. In each case, the return to prewar normalcy was marked by the partial dismantlement of war-born institutions and powers—but much remained.

In the twentieth century, America's struggle to maintain a global balance of power greatly altered the domestic balance of power. The demands of war enhanced the power and prestige of the central government at the expense of the states. Within the federal government, the power of the executive grew at the expense of the judicial and legislative branches. As leader of the free world and sole commander-in-chief of nuclear forces with global reach, the American presidency gained an almost monarchical aura.

Permanent global engagement also generated requirements for centralized economic management. In the conditions of total war, it was politically possi-

ble for the federal government to effectively manage labor and capital in pursuit of maximum economic output. As war raged abroad, the fear of class struggles at home gave way to an administered peace. After World War II, the actual system of wage and price controls was ended, but the techniques of Keynesian macroeconomic management and a commitment to federal responsibility for full employment were maintained. During the postwar struggle, direct federal involvement tended to concentrate in key technological sectors. In the cases of atomic energy, aeronautics, and space, the federal government called whole industries into existence and dramatically quickened the pace of innovation. During the 1950s, measures such as the expansion of the federal highway system and the science and education system were justified as national defense measures.

The cold war's impact on equity, class, and social welfare was equally significant, if less direct. The expansion of the defense budget and related manpower requirements led to programs and institutions that advanced social equity and mobility. Veterans' benefits, especially the G.I. Bill, opened the door to the middle class for millions of Americans. The post-Sputnik commitment to improve education further broadened social opportunity. Moreover, the initial success of racial integration in the armed services gave impetus to racial integration in American society.

American sensitivity to social and class issues was heightened by the distinctive nature of the Soviet Union and communism. Unlike the Japanese and German threats, the communist challenge contained an ideological commitment to build a "workers paradise" as well as a great power military threat. In this context, especially in the 1950s and 1960s, the performance of American capitalism in meeting social goals such as full employment, health care, and adequate housing had international ideological importance. At the same time, the communist threat delegitimized radical programs and comprehensive agendas for change. Ironically, the struggle with Soviet communism aided American capitalism in overcoming many of the flaws and instabilities present in the 1930s.

Finally, the mobilization of the American polity to a semipermanent war footing strengthened American national identity. This unifying threat helped overcome the extreme centrifugal tendencies of American society rooted in ethnic and sectional differences and the ideological heritage of individualism. The long war was especially important in integrating the South and the West into the national economy and society. Moreover, the fact that the United States was the leader of the

"free world" and advancing itself as a model for people elsewhere infused American citizens and leaders with a sense of high purpose and responsibility with domestic as well as international consequences.

The net result of this half century of global struggle was the forging of a social bargain that met many progressive goals but did not depend on the establishment of a domestic progressive consensus. The cold war was neither always necessary nor always strongly felt. The effect of this competition was greatest between the late-1930s and the mid-1960s, and had already begun to wane in subsequent decades. Domestic constituencies for progressive change existed, but the cold war gave them a decisive boost. Because of this conflict, American institutions are more modern—more centralized, more democratic, and more cohesive.

### THE DEMISE OF ORDER?

The cold war's end forces us to ask a fundamental question about the future of American politics: can the accidental social bargain be sustained in the absence of a global external challenge? Nothing is inevitable in politics, but there is evidence that the domestic order forged by the cold war is coming apart, ushering in a period of political disarray and posing daunting new challenges for parties and presidents. This decay and the tasks it implies will increasingly define the fault lines in American politics. Trouble ahead is visible in four areas.

First, power at the center of the political system is weakening. At the federal level the power of the presidency is eroding. Presidential authority is greatest in foreign and military policy. Without foreign threats, the salience of the presidency wanes. Outside foreign and

military policy, the presumption of presidential preeminence is lacking, and many strong domestic groups and interests impede action. Similarly, the overall importance of the federal government is in decline. Even if the size of the federal government remains large because of spending on domestic social programs, its political complexion will change.

Second, the ability to justify federal support for technological innovation and industrial development will decline, and state capacities for economic management could weaken. Without the cold war threat it will be necessary to justify industrial policies supporting promising future technologies on their own merits. National security agencies such as the Defense Advanced Research Projects Agency have played a comparable role to Japan's Ministry for International Trade and Investment in stimulating high-tech development, but they lack an explicit mandate to help the

civilian sector despite their long record of technological stimulus. American industrial policy debate must move into the open political arena where the cacophony of competing corporate, sectional, and ideological divisions weakens the chances for their survival. Without the cloak of national security secrecy, decisions on technology funding become more contentious and difficult to resolve.

Third, the cold war's end will make the achievement of domestic social equity and welfare more difficult, and will thereby reinvigorate class division and conflict. In the absence of a major foreign military threat, the size of the military will continue to decline, thus shrinking this vehicle for social mobility. Moreover, no longer faced with an ideological challenge to capitalism, the political costs of severe social inequity decline. Domestic concern for social equity will be further eroded as the relevant standard of comparison shifts to third world countries teeming with cheap labor, blighted by severe class inequity, and bereft of rudimentary social programs. The American welfare state, already under fiscal pressure and lacking a strong constituency, is further weakened by the changing international environment.

Finally, the end of the long war will tend to erode national political cohesion, thus allowing ethnic and sectional differences to dominate politics. With the triumph of capitalism and the spread of liberal democracy, the distinctiveness of the United States as a "free" people will be diminished. If, as many argue, we are shifting from an age of geopolitics to geoconomics, then national unity and cohesiveness are likely to weaken as deep sectional economic differences rooted in geography assert themselves. Also, the centrifugal tendencies in American culture will increasingly lack a national counterbalance, thereby eroding a common collective identity.

Is this bleak picture the entire story? Skeptics might raise several doubts. The social bargain, though accidental in origin, may have achieved sufficient momentum and constituency to endure absent the conditions that generated it. Institutions tend to persist and create their own constituencies. Whatever the ultimate merits of this view, it is probably true that institutional inertia will slow the decay. But it is unlikely to prevent it, especially in an era of extreme fiscal limits.

Another possibility is that a new foreign threat will arise to reinvigorate the institutions of the long war. The most likely candidates are China, Japan, Germany, or a united Europe. All are capitalist states and potential economic rivals, but aside from China they are also strong security allies of the United States. Although conflict among capitalist states may increase, the lines of conflict are not as clear-cut and alliances across national lines are as likely as those between them. Barring the unlikely degeneration of intracapitalist conflict into military confrontation, these conflicts are not

likely to evoke measures of the sort needed to underpin the unraveling social bargain.

## PRESIDENTS AND PARTIES

The end of the long war is also likely to significantly alter the balance of power between the parties and their ability to capture the White House. Since the 1940s, the Republican Party has dominated presidential politics, in large measure because of its stance toward the communist threat. When faced with an ominous foreign threat, the president's job description asked him to be "tough but responsible," something at which the Republicans excel. To be president during the cold war was to be the leader of the Western alliance—the man with the finger on the button—and candidates were judged accordingly. The first post-cold war presidential election in 1992 provides evidence of a new political pattern.

Republicans must find new ways to unify themselves. Political commentator George Will has tellingly observed that the Democrats are the party of government, but it is equally true that the Republicans—at least when it comes to foreign policy—are the party of the state. Although opposed to a strong state in domestic affairs, the Republicans have been the most vigorous advocates of the national security establishment. With a consistently smaller bloc of registered voters, the Republicans captured the White House in seven of eleven races. In all seven victories (Eisenhower twice, Nixon twice, Reagan twice, and Bush once) the Republicans were clearly positioned to the right on issues of anticommunism. The Republican presidential candidates lost in 1948, 1960, and 1976 when Democrats appeared to be at least, if not more, anticommunist than the Republican candidates. (The anomaly of 1964 resulted from the fact that Johnson, a hawkish Texas Democrat, was strongly anticommunist, while Goldwater seemed threateningly irresponsible.) For the Republican Party, anticommunism in the postwar era served to rally supporters in much the same way that the ghost of Herbert Hoover and the Great Depression worked for the Democrats and "waving the bloody shirt" worked for the Republicans after the Civil War.

The 1992 presidential election marked the first defeat of an incumbent elected Republican president since Hoover, and it revealed the contours of a fundamentally new post-cold war political landscape. Like previous Republican presidents, Bush's strong suit was foreign and military affairs. He believed that victory in the Persian Gulf War would sustain his electoral support, but found that the popular impact of this episode quickly faded. Saddam Hussein may have looked like Hitler, but the American people were able to see that he represented an altogether different caliber of threat. Without a strong foreign threat, the presidential election turned on domestic issues that had long been overshadowed.

Taking the traditional Republican line, Bush hammered away on the issue of seasoned judgment and foreign policy experience, but with little consequence. The plausibility of Ross Perot as a presidential candidate was made possible by the fact that the public did not assess him with the old cold war standard—as a man who could calmly lead through crises in the shadow of nuclear war. That Perot's legendary volatility and his long record of gun-slinging hypernationalism were hardly mentioned, let alone disqualifying, revealed just how little the American public remembered the standards by which it had so carefully judged previous candidates.

Republican liabilities were Democratic opportunities. Questions about Bill Clinton's character and military service record were much debated, but they did not have the impact they might have had in previous elections. Furthermore, Clinton was able to largely ignore foreign and military policy during the campaign without political cost.

The long war's end has opened a fissure in the Republican Party on foreign affairs that has yet to be fully explored. With the end of the cold war, the Republicans have lost an electoral trump card. More important, the party contains radically opposing impulses on foreign policy. One powerful impulse is inward looking and suspicious of the federal government. The new era has released a torrent of latent Republican isolationism and antistatism. During the cold war, even the most ardent antigovernment conservatives saw a strong central government as a crucial counterbalance to the menace of international communism. With the demise of the Soviet Union, conservatives increasingly see Washington as the "Evil Empire." The Oklahoma City bombing this April brought to public prominence a current in far-right thinking that is far more paranoid of federal power and foreign entanglement than perhaps at any time in American history. The intense fear of totalitarianism that was cultivated on the right during the cold war seems not to have ended, but to have been displaced toward the institutions of government and anything seen as foreign. This impulse is a more strident echo of the pre-cold war isolationism of the Republican Midwest and West that was exemplified by Senator Robert Taft of Ohio.

At the same time, a strong opposing impulse in Republican foreign policy thought is also evident. Over the last 50 years there has been a decisive shift in the American business community away from the inward-looking, Midwestern-centered capitalism of "Main Street" toward globally oriented, multinational, and outward-looking free traders. It is revealing that the most active support for NAFTA and the most recent GATT trade round came from the mainstream business community. It is difficult, therefore, to see how the free trade global village of business elites can be

squared with nationalist, nativist, and protectionist factions.

### THE BEGINNING OF THE NEW POLITICS

Many of these dynamics are already evident in the Clinton era. In the aftermath of the long war, the powers of the presidency, public expectations about the post, and the tasks commanding attention are being transformed.

The office of the presidency is ill-designed for achieving a domestic agenda. The powers of the office are not interchangeable: institutions created to do one thing cannot easily do another. The instruments assembled to wage global war against the Soviet Union do not readily lend themselves to cleaning up the environment, providing health care, or controlling street crime. There will be a strong temptation to view domestic problems through lenses left over from the cold war—declaring a "war on drugs" or proclaiming environmental degradation a national security threat. Doing so reflects the greater ease with which resources can be mobilized, consensus achieved, and powers deployed when national security is at stake. Unfortunately, the national security rationale does not travel well. As the gridlock over energy policy in the 1970s demonstrated, it is difficult to resolve complex domestic problems even when they can be credibly linked with traditional national security concerns.

These constraints were vividly revealed during the first two years of the Clinton administration. Clinton came to office believing that he had a strong mandate to address the country's health care crisis. Following the long war pattern, Clinton cast the problem as one of "health care security" and sought a major expansion of the federal role in this area. Despite the high priority he attached to this issue and the control of both houses of Congress by the Democratic Party, Clinton's health care reform program was completely stymied.

The long war has also left expectations about the president and standards for measuring his performance in office; these will weigh heavily on future presidencies, with important ramifications for the legitimacy of the political system. During the cold war the president was first and foremost expected to be a successful leader of the anticommunist alliance. A central ingredient in a successful presidency during that era was the ability to display the toughness, resolve, and judgment on the grave issues at play on the world stage. If the public continues to judge presidencies by these wartime standards, presidents will appear chronically deficient. The combination of presidential incapacity and public expectation is likely to fuel the growing sense that political institutions are unresponsive to public demands.

Future presidents will also find themselves at an impasse in conducting foreign affairs. Given the way the office is structured and the difficulty in making

major headway in dealing with domestic problems, it will be natural for post-cold war presidents to turn to foreign affairs—however strong their desire to focus on domestic policy. It is here that a president can operate as the spokesman for the nation, thus setting himself above the partisan struggles of mere politicians. But in this area presidents will also face frustration. The American public is now less concerned about foreign events and much less willing to pay the costs for international leadership. Fearful of diminishing its standing, the military has grown increasingly unwilling to see force used and suffer casualties, unless backed by overwhelming public support and core national security interests. With these constraints, the lofty trappings of presidential leadership are increasingly meaningless.

This pattern is present in the Clinton administration. Despite having been elected to refocus the power of the presidency on domestic problems, Clinton has been drawn into the foreign arena. In part this was inevitable, given the expectations and commitments the United States has around the world. The continuing crisis in Bosnia and Herzegovina clearly reveals the new political terrain. As leader of NATO and advocate of an expanded UN role in peacekeeping, the United States was looked on to orchestrate a solution to the problem, thus prompting Clinton to focus extensively on it. But the antipathy of the American public to seeing its soldiers killed in battle meant that the threats and promises of the United States were empty. As a result, not only the credibility of the United States but the prestige and authority of the Clinton administration were badly tarnished. The post-cold war environment appears to offer few opportunities to act boldly and

effectively, especially with military force. Indeed, many of the trouble spots beckoning American military intervention look like quagmires and promise to frustrate presidential initiative and divide public sentiment.

## ERASING THE POLITICAL DEFICIT

Without the overriding mission of the long war, American politics is undergoing fundamental change. Even if the contours of this new era are undefined, the American political system is losing important and underappreciated sources of progressive modernization. The cold war forged and nurtured many central American institutions. As this period fades into history, there is reason to worry about the ability of America's parties and presidents to build coalitions and form a consensus around the management of a modern society and economy.

The current debate about the prospects for domestic renewal overlooks this deep-seated problem that strikes at the heart of the American polity. In effect, what the United States faces is yet another deficit—this one political. The American political system has enjoyed the benefits of public institutions whose formation did not require an explicit consensus on their behalf. Now American politics must confront the gap between the institutions it has come to depend on and the political support that undergirds them. The challenge for presidents and other would-be political leaders in the years ahead is to find ways to legitimate and build support for an activist state and a progressive political agenda without the easy rationale of an external threat. A new social bargain must be found. Only then will the long war really give way to a long peace. ■

**"While the Clinton administration has succeeded in identifying a set of [foreign policy] values, it has been less successful in presenting a coherent global vision and strategy to achieve those goals. . . the question remains whether the Clinton administration's foreign policy orientation reflects the incipient elements of a new post-cold war order or a temporary interlude before the reemergence of a realist direction in foreign policy."**

## Assessing Clinton's Foreign Policy at Midterm

BY JAMES M. McCORMICK

Bill Clinton ran for president on the theme of change—change in domestic policy and change in foreign policy. With the end of the cold war, candidate Clinton argued, American foreign policy had to meet novel challenges as it prepared for the twenty-first century. What was needed, Clinton said in 1991, was "a new vision and the strength to meet a new set of opportunities and threats." "We face the same challenge today that we faced in 1946—to build a world of security, freedom, democracy, free markets and growth at a time of great change." In candidate Clinton's view, the Bush administration had failed to articulate such a vision and to put into place a post-cold war foreign policy strategy. Indeed, President George Bush's leadership, Clinton claimed, was "rudderless, reactive, and erratic," while the country needed leadership that was "strategic, vigorous, and grounded in America's democratic values."

Once elected, President Clinton was determined to have a foreign policy rooted in a clear set of principles, derived from America's past and guided by a coherent and workable strategy. Moreover, domestic policy and foreign policy would be tied together in this approach. Only by shoring up economic and social strength at home would the United States be in a position to pursue an effective economic and security policy abroad. However, while the Clinton administration has succeeded in identifying a set of values, it has been less successful in presenting a coherent global vision and strategy to achieve those goals.

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### FOREIGN POLICY PRINCIPLES

In the past three years, Clinton or his representatives have sought to outline the administration's foreign policy on at least four different occasions. Although specifics have changed, some priorities can be identified.

The first occasion was the election campaign of 1991 and 1992. Despite his effort to downplay foreign policy in the campaign, Clinton supported global engagement by the United States and sought to restore more idealism to American foreign policy—especially by expressing a global commitment to democratization and human rights and chastising the previous administration's go-slow policy on aiding democratization in Russia, the lack of moral content in its policy toward Bosnia and Haiti, and its embracing of the Chinese government. In short, idealism would be reintegrated into American foreign policy.

The second occasion was in early 1993, when the new Clinton administration attempted to be more specific about the key values that it wanted to pursue. In his confirmation hearings, Secretary of State-designate Warren Christopher summarized the administration's foreign policy principles under three simple, albeit not simplistic, headings. The first principle, one the administration claimed was its highest foreign policy priority, was United States economic security. The rationale for this principle had been stated early on in Clinton's campaign: "Our first foreign priority and our first domestic priority are one and the same: reviving our economy. America must regain its economic strength to play our proper role as leader of the world." Christopher committed the Clinton administration to "advance America's economic security with the same energy and resourcefulness we devoted to waging the cold war."

To achieve economic security, the administration would develop an economic program making American companies and their workers more productive and more competitive abroad; it would try to put in place a

strategy to reduce foreign borrowing to support federal budget deficits; and it would take the necessary steps to make America a more reliable and capable trading partner. Structurally, the administration would add an Economic Security Council to the policymaking apparatus to complement the National Security Council and, as Clinton put it, ensure "that economics is no longer a poor cousin to old-school diplomacy."

While achieving economic security would be a central foreign policy objective, it would not be pursued in a vacuum. Commercial goals, Christopher noted, would not surpass all other concerns in dealing with states abroad. Advancing nuclear nonproliferation, promoting human rights, and enhancing sustainable development in the third world would remain part of the policy mix. In other words, some hedging on the centrality of economics was offered immediately.

The second principle the Clinton administration advanced was the need to maintain a strong but more flexible defense to meet new and continuing security challenges. Deterrence would remain an important function of the armed services, but America's defenses would also have to be prepared to meet new threats and to undertake new missions.

These threats would be distinct from those of the cold war years and would require continuous global attention and sustained readiness. Proliferation of nuclear, chemical, and biological weapons in several countries (for example, Iraq and North Korea); enhanced conventional weapons, with new and more dangerous delivery systems (for example, in the Middle East); the dangers of ethnic rivalries in various regions of the world (for example, the former Yugoslavia); and the possibility of disorder in the former Soviet Union would require new missions for the American military. Peacekeeping, peacemaking, humanitarian missions, drug trafficking, and antiterrorism would likely become regular issues for United States national security policy.

Military force by the new administration would also be applied in a more calculated manner. American decision options must include, Christopher noted, more than "a choice between inaction or American intervention." Bilateral and multilateral approaches would be used, and collective security mechanisms would be employed when necessary and appropriate.

The third foreign policy principle was the promotion of democracy. During the campaign, Clinton promised to place greater emphasis on promoting democracy abroad; he attacked the Bush administration's support of the "status quo": "From the Baltics to Beijing, from Sarajevo to South Africa, time after time, George Bush has sided with the status quo rather than democratic change—with familiar tyrants rather than those who would overthrow them—and with the old geography of repression rather than a new map of freedom." By contrast, he argued, "my administration will stand up for democracy."

The administration viewed these three initial "pillars" of policy (as Christopher labeled them) as "mutually reinforcing." A strong economy would allow for a strong military, but not one that burdened the domestic economy. A sound economy and a sound military would enable the United States to conduct its foreign policy with greater credibility and legitimacy. And by promoting democracy, old threats would be eliminated, new threats prevented, and new markets for American products and American investments opened.

## THE STRATEGY OF ENLARGEMENT

The third occasion for outlining the Clinton approach occurred in September 1993, in the midst of policy problems concerning Bosnia, Somalia, Iraq, and North Korea. President Clinton and three of his key advisers—Christopher, National Security Adviser Anthony Lake, and UN Ambassador Madeleine Albright—tried once again to define America's post-cold war course.

In response to fears that the United States was pursuing a "neoisolationist" policy, Ambassador Albright was emphatic: "Our nation will not retreat into a post-cold war foxhole." Such fears had grown since the undersecretary of state for political affairs, Peter Tarnoff, had called a few months earlier for a reduction in American involvement around the world because of domestic budget constraints. Secretary of State Christopher had quickly rejected the idea, but Lake, Albright, Clinton, and Christopher himself felt it necessary to emphasize America's commitment to global engagement.

Another clarification concerned whether the United States would act alone to protect its national interests or rely on collective security mechanisms such as the UN. Once again the administration was attempting to blunt criticism of the "assertive multilateralism" it had previously backed (and which Albright had endorsed in American policy toward Somalia). Strict reliance on unilateralism or multilateralism was rejected; instead, the United States would decide how to achieve its goals on a case-by-case basis. As Christopher noted, the question of unilateralism or multilateralism "creates a false polarity. It is not an either-or proposition."

A third and related theme concerned the use of American forces—when they would be used, under what conditions, and under whose command. The administration codified a new, tougher position on the use of American forces in peacekeeping operations in the May 1994 Presidential Decision Directive 25. According to PDD-25, several conditions must exist before the United States becomes involved in peacekeeping: there must be a threat to international security, defined as the need for immediate relief efforts, a democratic challenge, or severe violations of human rights; clear objectives for the UN mission; and agreement by all involved that the intervention should take place. Moreover, sufficient money and troops should

be available; a mandate appropriate to the mission must have been established; and an exit strategy must be in place. In addition, the administration downgraded its commitment to create a UN army—a pledge that had been made during the presidential campaign—and called for fewer UN missions around the world.

The administration also sought to identify policy priorities and the basic guidelines for American foreign policy. Clinton, in an address before the UN, focused on three substantive policy areas: conflict resolution around the world, nuclear nonproliferation, and the promotion of sustainable development. Lake, however, offered another approach: the promotion of democracy and open markets. As Lake put it, "the successor to a doctrine of containment must be a strategy of enlargement—enlargement of the world's free community of market democracies."

Lake emphasized four key components of this strategy of enlargement: "First, we should strengthen the community of major market democracies—including our own—which constitutes the core from which enlargement is proceeding. Second, we should help foster and consolidate new democracies and market economies where possible, especially in states of special significance and opportunity. Third, we must counter the aggression—and support the liberalization of states hostile to democracy and markets. Fourth, we need to pursue our humanitarian agenda not only by providing aid but also by working to help democracy and market economics take root in regions of greatest humanitarian concern." The first component of enlargement was aimed at allies like Europe and Japan; the second at new states like Russia and those in Central Europe; the third at the so-called backlash states like Iraq or North Korea that had to be contained and countered; and the fourth at developing states.

Despite the administration's effort to refocus American policy and to encapsulate it in a larger picture of global democratization, widespread support did not materialize. Not only was the American public uneasy about this commitment to global democratization, but the scope of the policy was perhaps beyond what the United States really was willing to do. Indeed, the administration did not effectively articulate a real strategy for implementing "enlargement."

## FROM PRINCIPLE TO POLICY

This January and February, Secretary of State Christopher once again tried to articulate the Clinton administration's foreign policy principles: a commitment to be engaged and to lead; a commitment to cooperative relations with powerful nations; a commitment to adapt and build economic and security institutions; and a commit-

ment to support democracy and human rights. In 1995 these principles would be applied to "advancing the most open global trading system in history; developing a new European security order; helping achieve a comprehensive peace in the Middle East; combating the spread of weapons of mass destruction; and fighting international crime, narcotics, and terrorism."

As one would expect, articulating these various principles has proved considerably easier than implementing them. Disjunctures between Clinton and Congress, and between Clinton and the military have effectively hindered Clinton administration policies. Moreover, policy lapses quickly came to serve as a shorthand summary of the Clinton administration's difficulties in foreign affairs. Indeed, one critic summarized the Clinton approach as conducting foreign policy "as if it were on a supermarket shopping spree, grabbing whatever it takes a fancy to, without worrying about the costs or whether the product is the right brand, or is genuinely needed."<sup>1</sup>

The administration fared slightly better linking economic security and foreign policy. A budget deficit package was developed and quickly passed by Congress in the summer of 1993, and the Tokyo summit that July briefly produced a "framework agreement" for reducing the trade deficit with Japan. But by the end of June 1995, the United States and Japan seemed headed for a trade war.

The administration's efforts with the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) were more promising. The administration campaigned vigorously for NAFTA and managed to gain passage of the agreement in the House and Senate by November 1993. Within a month, a breakthrough occurred in the most recent round of the GATT negotiations and, again, after some lobbying efforts, that pact was also approved by Congress in November 1994.

The Clinton administration initiated three other efforts in pursuing its goal of economic security. One was directed toward establishing a free trade area by 2020 among the Asia Pacific Economic Cooperation countries, which the forum agreed to at the November 1994 APEC summit. The second was the December 1994 "Summit of the Americas" conference. The meeting's aim was to set in motion the creation of a free trade zone throughout the Western Hemisphere; the conference attendees agreed to complete these talks by 2005, although the actual date for the elimination of all trade barriers was not set. The third effort, only recently proposed this June, is to create a transatlantic trading bloc linking Europe and America.

These multilateral policy actions—or what the administration calls "pluralilateral initiatives"—were fully compatible with the administration's policy goals, even as bilateral trade with Japan and later with China was becoming more difficult. The administration no doubt wanted its foreign policy identified with its mul-

<sup>1</sup>George Szamuely, "Clinton's Clumsy Encounter with the World," *Orbis* (Summer 1994), p. 393.

tilateral economic successes, but the administration's failures and shortcomings in dealing with more traditional political and military issues—and its departure from professed foreign policy principles—came to define its foreign policy record.

In several instances Clinton's policy seemed to assume the "ad hoc" approach of which the Bush administration had been accused. Caught between promoting democracy and human rights and fostering economic security with China, the administration opted for the economic principle, despite a Clinton campaign pledge to do otherwise. Faced with the prospect of expanding American involvement in Bosnia in order to defend human rights there, the administration equivocated. First it favored negotiations, then lifting the arms embargo on the Bosnian Muslims, and, more recently, it has opted for negotiation even as it sought to prohibit direct American involvement. Success may yet come from this approach, but it surely has been slow and haphazard. More generally, however, the administration often vacillated in its decision making (trade policy toward China), frequently proved indecisive or unable to decide on its policy course (support for democracy in Haiti), and regularly changed directions (negotiation or a "lift-and-strike" policy toward Bosnia).

Two exceptions to these problems were the administration's policies toward Russia and the Middle East. The administration has consistently supported President Boris Yeltsin's government. At the April 1993 Vancouver summit, President Clinton forcefully declared that "we actively support reform and reformers and you in Russia." Furthermore, the summit concluded with a commitment by Clinton and Yeltsin to develop a "new democratic partnership" between the two nations. Even now support for Yeltsin, despite the violence in Chechnya, remains largely intact. Clinton's Middle East policy, too, has not faltered, with sustained efforts for the peace process and the initiation of "dual containment" of Iran and Iraq. On balance, however, "indecisive," "incoherent," and "inconsistent" have too often become the catchwords for describing administration foreign policy.

## A LONGER TERM PERSPECTIVE

To many analysts Clinton's policies seem to have the clear ring of an idealist or liberal internationalist approach to foreign policy—an approach generally consonant with America's past. Is the Clinton approach idealism in full voice? Or is it too optimistic and too "unrealistic," with a naïve view of America's ability to build democracy worldwide, achieve global justice, and construct global institutions?

More generally, can one even reasonably summarize the administration's underlying conceptual or theoretical approach? The Reagan administration has often been described as a throwback to the most frigid years of the cold war, but its priorities and policies were largely predictable. And while the Bush administration has variously been accused of "ad hocism," "pragmatism," or "realism lite" in its foreign policy approach, it did offer a fairly steady course. Can one say the same about the Clinton administration's approach?

Two concepts—free societies and free markets—shape much of the Clinton agenda; they are also key tenets of liberal internationalism. However, these core components are not very distant from the ones promoted by the Bush administration during its last months in office. In April 1992, Secretary of State James Baker 3d had argued for a new American foreign policy that would "replace the dangerous period of the

*"Indecisive," "incoherent," and "inconsistent" have too often become the catchwords for describing administration foreign policy.*

cold war with a democratic peace—a peace built on the twin pillars of political and economic freedom." The policy to build this peace, "collective engagement," would "allow the United States to rally like-minded nations on behalf of peace and to draw on international institutions where they can play a constructive part." The Bush administration's "collective engagement" and the Clinton administration's "engagement and enlargement" are surely close cousins.

Still, the "open markets—open societies" approach reopens long-standing debates about two important propositions in international politics: the relationship between democracies and peace and the relationship between free markets and peace.

In general, many studies seem to provide compelling evidence for the argument that democracies do not fight one another and have mechanisms for resolving their disputes. The problem is, how does one go about building democracies? More specifically for the United States, does it have "the will and the wallet" to undertake such a task? And even if the democratic peace proposition is a true guide for future global order, the transition from nondemocracies to democracies could seriously destabilize the global community. While the end condition of a democratic world may be pacific, the process of building a democratic order and the movement toward "mature democracies" may not be.

The other tradition rooted within the Clinton approach, is, of course, the belief in the pacifying effects of free markets. This approach grows out of the functionalist school of international politics—more cooperation in so-called low politics arenas will eventually yield cooperation in high politics arenas as well. It also grows out of the controversial idea that states and societies are more interested in their own absolute

gains than in their relative gains vis-à-vis their neighbors or trading partners. Thus, absolute gains by all participants in a cooperative venture (such as in a trading bloc) will be the driving force in sustained cooperative relations among states.

With the growing number of these free trade areas and potential free trade areas, the argument will surely be tested in the 1990s and beyond. Will NAFTA, ASEAN, APEC, the proposed Western Hemisphere free trade areas, an expanding EU, and even a North America–European pact become the model for this new global order or the source of rivalry? And is the promotion of democracy always compatible with the promotion of free trade and open markets or vice versa? Sino-American relations are a case in point. The Clinton administration has opted to promote open markets and has downplayed efforts to create a more open society in China. Similarly, will NAFTA have a democratizing effect on Mexico, as some proponents have argued, or will it exacerbate rivalries in that country because of increasing income gaps?

Finally, both philosophical traditions are largely heresy to many analysts schooled in the realist tradition of international relations, where the state, its interests, its power, and the balance of power form the core of international politics. The type of domestic regime and absolute gain from cooperative ventures are less relevant than the anarchic conditions of the international system and the relative gains sought by states. Many analysts schooled in realist foreign policy, including Anthony Lake, may have trouble sustaining these other perspectives.

There are, however, elements of realism in the Clinton approach. In Bosnia, despite the horrors of ethnic cleansing, the administration has until very recently adopted a selective, detached policy because a clear national interest could not be discerned—not far from what some realists might suggest. And Clinton's China policy represents the realist approach in full bloom. Idealism or neoliberal principles have largely been abandoned for economic and strategic considerations

because China is simply too large a market and too crucial an area. Delinking human rights conditions from the granting of most favored nation trade status was an action more realist in form than anything carried out in Sino-American relations during the Reagan-Bush years.

### SUMMING UP

The Clinton administration has sought to develop a particular kind of liberal internationalism in which American foreign policy serves as a guiding force in the post–cold war era, but at the same time, the world shapes American actions in a more dynamic manner.

Yet caution is necessary in assessing how far the Clinton administration strategy has come. While American policy has surely changed in selected foreign economic and social areas, the administration's actual political and military policies have not yet achieved a wholly consistent focus and direction either for the United States or the global community. NAFTA and GATT will likely be seen as the success stories of the Clinton years, but the administration's political-military policy from Russia and Bosnia to Somalia, Haiti, and North Korea will receive more mixed reviews.

The Clinton administration has adopted some historical philosophical underpinnings for its foreign policy, but it has not yet created a clear strategy for achieving them in the post–cold war era. Although the administration has committed the United States to continued global involvement and some lofty global goals, it has failed to rally the American public or the American Congress behind these goals.

In short, the question remains whether the Clinton administration's foreign policy orientation reflects the incipient elements of a new post–cold war order or a temporary interlude before the reemergence of a realist direction in foreign policy. In light of the foreign challenges it faces today and the state of domestic politics at home, it will likely be more the latter than the former. ■

During the cold war, "the pursuit of balance abroad and consensus at home promoted stability, which is precisely what Germany and its neighbors craved. These patterns will not disappear entirely in the years ahead. Germany stands before a number of crossroads, however, from which its traditional escape routes to moral high ground and political hedging are no longer accessible."

## Germany and the Burden of Choice

BY GARY L. GEIPEL

If Europe has a middle, then it is Germany. This is much more than an observation about geography. Economically, politically, and even culturally, the Federal Republic of Germany occupies a central place in any map of Europe's future. Britain, France, and especially the United States retain considerable influence through the powers of initiative or veto in key organizations, while Russia's potential for belligerent or cooperative behavior is significant as well. Even small nations can give rise to diplomatic and military nightmares, as has been recently demonstrated once again in the Balkans. By its acquiescence, misbehavior, or leadership, however, only Germany now can shape virtually every major decision and trend that is of consequence for Europe as a whole.

Despite this centrality, but more accurately because of it, Germany inspires very little middle ground among those who observe it. This is unfortunate if it leads us to conclude, as many do, that Germany is not merely powerful but predestined to follow a certain path. One group of serious scholars would have us believe that it is Germany's undying vocation to pursue an eastward-oriented hegemony in Europe that ultimately will rupture the European Union and detach Germany from its Western moorings. A much larger group, which includes many German politicians and scholars, argues that German national interests, if they exist at all, are indistinguishable from those of the EU and that Germany is therefore bound to lay down its sovereignty in pursuit of a more unified Europe. Both images deny Germany a choice in determining its course, and choice is precisely what Germany has in greater abundance than any other country in Europe today.

Choice is part freedom and part necessity. In Germany, where this century's history is a constant back-

drop to decision making, the freedom of choice and the necessity of choice have combined to create the burden of choice. In theory, German leaders are free—by virtue of their country's economic weight and geographic position in Europe—to choose alignments, priorities, and ends and means with relative impunity. For almost 50 years, however, they enjoyed a respite from difficult choices in the rigid Europe of the cold war: security came from an ironclad United States guarantee; Central and Eastern Europe remained beyond the reach of large-scale German influence; and the boundaries of European economic and political integration were obvious. That Europe no longer exists, and the resulting necessity of choice is a frightening prospect to the current generation of German leaders. With rare exceptions, their approach thus far has been to deny the existence of choice, to obscure it in legalism, or simply to send mixed signals. Though they may recognize the burden of choice, they have been slow to take it up.

Germany's equivocation, however, is nearing the end of its useful life. We cannot be certain about the choices that Germany will make in the crucial years ahead, which will have their moments of drama and will not be without danger. We should not be surprised by its choices, however, if we keep in mind Germany's most consistent patterns of behavior and consider the constraints that German leaders will face in both their external relationships and domestic politics.

### THE POSTWAR LEGACY

Fifty years after Germany's defeat in World War II is an appropriate time to reflect on what the postwar Federal Republic has come to represent in its foreign and domestic politics, and to examine how that legacy influences German behavior today. Two persistent patterns stand out in the Federal Republic's cold war foreign policy: idealism and the pursuit of balance. In its domestic politics and social relations, meanwhile, Germany has distinguished itself by obsessively striving for consensus among key interest groups under the banner of the social market economy.

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It is no small irony that the successor state to the Third Reich often seems bent on demonstrating not just that it overcame an aggressive, selfish history but that the entire international system can transcend history and be reshaped in a mold of common interests and cooperation. Germany's reconciliation with France and its role as a founding member of the European Coal and Steel Community (which evolved into today's EU) did indeed signify a profound break with the past, based on the belief that new patterns of behavior could be learned on a continent riven for centuries by war. The success of Franco-German cooperation no doubt helped to inspire German leaders—especially Hans-Dietrich Genscher, who for many years was the Federal Republic's foreign minister—with the belief that a truly pan-European peace could emerge through dialogue and common structures.

In the late 1980s, to the consternation of many United States and other NATO leaders, Germany encouraged vague Soviet notions of a "Common European Home," which suggested an all-inclusive security order at the expense of the Western alliance. Though diminished, the Federal Republic's peace movement remains among the world's most doctrinaire, rejecting the use of German armed forces even for most humanitarian contingencies. German intellectuals postulate the existence of "civilian powers," including the Federal Republic itself, that can no longer be considered distinct national units or potential participants in political or military contests. Many of Germany's mainstream political leaders agree with the civilian-power school, and virtually all favor a greatly expanded role for the UN in global affairs.

Today, however, it is the European Union that is the most intense focus of Germany's foreign policy idealists. And, yes, they are idealists. Critics often suggest that Germany's EU policy is an effort to achieve through economic and political mechanisms the domination of Europe that Germany failed to achieve on the battlefield. Admittedly, German designs for the EU resemble blueprints for a Federal Republic of Europe, and certain turns of phrase cause non-Germans to cringe. For example, a controversial discussion paper circulated by Chancellor Helmut Kohl's Christian Democratic Union (CDU) in late 1994 declared that the sovereignty of the European nation-state "has long since become an empty shell" and concluded that "Germany's interests can only be realized in, with, and through Europe." Such assertions are open to several interpretations, not all of which are comforting. However, these statements reflect the arrogance of conviction rather than the arrogance of coercion. Conversations with the drafters of such documents reveal men and women who believe passionately in deeper European integration as the best means to guarantee peace, often to the point of trivializing history, public opinion, and the existence of worthy perspectives elsewhere in Europe.

Chancellor Kohl is not instantly recognizable as an idealist of the sort just described. He has not survived 13 years as the leader of a large democracy by remaining unfamiliar with compromise. However, none of Kohl's observers would dispute that he is a man with a sense of destiny, and in the case of the EU he has hitched his destiny to a highly ambitious set of goals. In the run-up to the EU's Inter-Governmental Conference (IGC) next year, Kohl is regarded by Euroenthusiasts of all nationalities and political persuasions as the best (and perhaps last) hope of achieving a federal EU with a strong European Parliament, a common currency, and majority voting by the Council of Ministers on virtually every sort of public policy—prominently including foreign and security policy.

The second persistent element of German foreign policy is the pursuit of balance, traditionally along the East-West axis in Europe. Since the founding of the Federal Republic, East-West balance has meant different things to different German leaders. In the case of Konrad Adenauer, the Federal Republic's first chancellor, balance meant hitching his country to the weight of the Western alliance and United States leadership. This allowed West Germany to rebuild in a manner that did not threaten its neighbors and to keep alive the long-term goal of unification without risking Soviet blackmail. For Willy Brandt, the Federal Republic's first Social Democratic Party (SPD) chancellor, balance meant the development of working relationships—for economic and humanitarian purposes—not only with Communist East Germany but also with Germany's other Warsaw Pact neighbors and with the Soviet Union. For others in the SPD, Brandt's Ostpolitik became an end in itself, in which moral distinctions between NATO and the Warsaw Pact ultimately blurred to the point of nonexistence and the Western alliance itself was cast as a culprit. For Foreign Minister Genscher, the liberal who served with both the SPD and CDU, balance became a procedural imperative—a constant checking of German foreign policy against the demands of good relations with countries to the East and West—and a corresponding attempt to reconcile the two power blocs.

Today, the pursuit of an East-West balance is just as evident in German foreign policy as it was during the cold war, but it has expanded to new arenas. On a visit to Warsaw last summer, Kohl compared his personal role in bringing about German-Polish reconciliation to the role of the revered Adenauer in Germany's earlier reconciliations with France and Israel. Where Poland and its neighbors are concerned, Kohl clearly equates reconciliation with their admission to the EU.

History-conscious German leaders such as the chancellor would prefer to route their economic and political engagement with Central and Eastern Europe through Brussels rather than be accused of establishing a *de facto* empire in the region, even if the outcome of

massive German influence is the same. Thus, Kohl is on record saying that Poland can become an EU member by the end of the decade and that the Union must reform its decision-making mechanisms and subsidy programs to allow rapid eastward enlargement. A Union requiring universal consensus cannot function with two dozen or more members, the German government argues, and there is a widespread belief that the EU's Common Agricultural Policy (with a current price tag of \$47 billion) and its "structural funds" to promote development in poorer regions (\$30 billion) cannot accommodate the addition of new claimants. These items already account for 83 percent of the Union's budget, to which Germany is the largest contributor.

The pursuit of balance also has a newer, second axis in German foreign policy that is no less challenging than the East-West axis. Germany resides at the pivot point between designs for European security that emphasize European institutions and those that emphasize NATO and the transatlantic connection. Thanks in large part to German mediation, few alliance leaders now perceive a fundamental contradiction between the development of a "European security and defense identity" and the maintenance of a strong connection to the United States. It remains far from clear, however, where the European identity should be built—in NATO, in the still-independent Western European Union (WEU), or inside the EU itself. That decision, in turn, has major implications for the membership policies of each organization. For example, if the EU is to take on collective responsibility for defense, then new Union members must be screened for their potential impact on a common military policy, regardless of their economic qualifications. And if the EU is to speak for "Europe" on defense matters inside the transatlantic alliance, then NATO may be pressured not to add new members who are not also EU members.

True to their pursuit of balance, German leaders have devised a formula for answering such questions, with the unfortunate title of "final congruence." Under this policy, the EU would set a timetable to take over responsibility for European defense while the EU and NATO would agree to make their European memberships "congruent," probably within the next decade. Advocates of this approach vary in their degree of rigidity, but its application in any form would make it almost impossible for the EU to extend membership to a country that was not a near-term candidate for NATO membership. NATO would face the same constraints with respect to a prospective member's EU candidacy.

## DEEPENING AND WIDENING

The choices that Germany will make in the years

ahead will not occur in a vacuum. Germany's centrality in Europe makes its decisions powerful but also extraordinarily dependent on the behavior of other countries and key interest groups inside the Federal Republic. The self-centered bombast of some German pronouncements on European integration is striking, in part, because it is so rare. Today's German leaders are excellent listeners, observers, and, above all, synthesizers. As a result, German choices are unlikely to take the form of sudden declarations handed down from on high. Instead, it is likely that German leaders will weigh new opportunities and risks in Europe and, for the foreseeable future, proceed by tempering what they hope to achieve with assessments of what they actually can achieve in a multilateral context. A wholly independent German course cannot be ruled out, but it will be pursued only if the EU balks at both the deepening and widening agendas of the German government or if NATO crumbles in the absence of United States leadership. These possibilities deserve close attention, along with the specific challenges of Germany's first major confrontation with the burden of choice.

*Critics often suggest that Germany's EU policy is an effort to achieve through economic and political mechanisms the domination of Europe.*

Nowhere but in Germany is it possible to find political leaders who not only support the EU's deepening and widening but also believe that the two goals are compatible in the next decade. The kind of EU that could accommodate near-term Central and Eastern European membership is an EU in which the vast bargains of the agricultural subsidies and the structural funds have been wholly dismantled or substantially reformed, and the range of issues decided by the collective body remains small. Far from giving way to a federal structure, this would be an EU in which the nation-state remains the primary actor. On the other hand, the kind of EU whose members could proceed in lockstep to attain monetary union, a common foreign and security policy, and majority voting on most other issues is not one that could open up soon to countries with economic and defense structures quite different from Western Europe's. Therefore, the pressure is on Chancellor Kohl and his associates to square this circle or, more likely, to establish priorities.

Kohl's emerging agenda for next year's IGC is a surprisingly daring bid for a United States of Europe. European Parliamentarian Elmar Brok, Kohl's representative in the so-called "Reflection Group" that is framing the IGC agenda, is an unabashed supporter of a more federal EU. Judging by his paper trail and reputation, Brok places far greater importance on the deepening dimension than on enlargement. Another member of the chancellor's inner circle argued last summer to a visiting American that "there are no meaningful national positions anymore" and said that

Germany will push hard in the IGC for majority voting in the EU Council on Ministers on every foreign policy matter that does not involve the use of military force. Germany's goals include the appointment of a high-ranking executive to formulate EU foreign policy and the eventual absorption of the WEU into the EU as a decisive step in the creation of a common European defense.

The foregoing agenda will meet with tremendous resistance from Britain and, to a somewhat lesser extent, from France. These former great powers believe that "meaningful national positions" continue to exist. At the same time, the Nordic members of the EU—Finland and Sweden, which have traditions of neutrality, and Denmark, which remains highly skeptical of shifting defense responsibilities to the EU—will line up with Britain against the deepening agenda. This is a formidable barrier for Germany to cross, especially since domestic support in Germany for grandiose visions of European integration is much weaker than some CDU leaders care to admit.

Germany's interparty consensus on European policy breaks down over the issue of whether to give the EU responsibility for defense. "What do we have NATO for?" a prominent SPD leader cracked during a parliamentary debate last summer. The CDU's Bavarian sister party, the Christian Social Union (CSU), has a quasi-Thatcherite wing of Euroskeptics who may also give the chancellor grief if too much German sovereignty is placed on the table at the IGC. Even further behind the scenes, a small but savvy German protest movement against the Maastricht Treaty on European Union stands ready to renew its campaign.

Kohl's greatest challenge, however, will be to keep Germany's powerful financial and industrial community onboard. The incarnation of awkwardness is a German banker asked by an American to explain why the EU's Economic and Monetary Union (EMU) is in Germany's interest. He is torn between defending his government's decision and admitting that there are, indeed, few good economic reasons for diluting German control of the deutsche mark. Exchange-rate stability would be a boon to German exporters, but Germany's largest trading partners—Austria, the Benelux countries, and France—already tie their currencies closely to the deutsche mark. The EMU emerged from the last IGC and has been ratified throughout Europe, but it is not a done deal. Germany's constitutional court specified that the Bundestag still must vote to surrender the country's monetary authority. German financial interests will acquiesce to a common currency among a handful of Europe's best-managed economies, but they could precipitate a political crisis if Kohl softens the criteria for monetary union in an effort to recruit allies for his more ambitious integration agenda.

Chancellor Kohl's apparent decision to push an aggressive EU deepening agenda is an altruistic choice

that draws more from Germany's tradition of idealism than from self-interest. Certainly Germany would be very influential in a federal EU, but it would risk as much as Britain or France in submitting to European majority rule. In any event, the lineup within the EU suggests that next year's IGC will accomplish little more than symbolic progress in Kohl's preferred direction. The real choice for Germany may be to revisit the federal agenda after monetary union is achieved among a small group of current members, which probably would mean delaying the EU's enlargement considerably, or preserving the existing accomplishments of the EU as a vast free-trade area enlarged rapidly to Central and Eastern Europe.

Four factors suggest that the second course will be followed. First and most important, EU enlargement is much more clearly in Germany's national interests. Trade and investment in Central and Eastern Europe are the great hope of a German economy that is not well positioned in the dynamic markets of Asia or in high-technology sectors worldwide. German taxpayers and the financial community will benefit from the reform of the EU's subsidy mechanisms that will likely accompany enlargement. And the historic, moral, and strategic cases for a wider European Union are enormously compelling in Germany.

Second, even if Helmut Kohl remains chancellor for yet another round of EU bargaining after the IGC meeting—and the possibility can no longer be ruled out—his power almost certainly will have waned in favor of a political generation that is proving itself more pragmatic than idealistic in its external relations. Third, German political elites generally subscribe to the bicycle analogy of European integration, namely, that forward progress is required to prevent collapse. As a result, an EU that aggressively pursues enlargement will be preferred to one that remains in stasis pending an unlikely federal transformation. Finally, while there will be considerable resistance to widening elsewhere in the EU—particularly in the southern-tier countries that benefit most from transfers—that resistance will not be as difficult to overcome as the barriers to federalism. Britain, the Netherlands, and the Nordic countries will go along with enlargement; France is a crucial wild card. If Europe is otherwise stable, however, France is unlikely to precipitate a rupture of the EU over enlargement, and German leaders will take great pains not to back Paris into a corner.

## THE BALKAN DIVIDE

Ironically, the security dimension of Europe's future is more complex and uncertain than it was during the cold war. The unifying effect of the Soviet threat is gone. In its place, exposed quite uncomfortably in the Balkans, are different and potentially competing approaches to regional conflicts on the part of Europe's larger countries. Russia's overt backing of Serbia is no

surprise. More surprising to those who believed that World War II had burned out Western European rivalries for all time are the unmistakably different alignments of Britain, France, Germany, and Italy, not to mention Greece and Turkey.

In late 1991, the German government railroaded diplomatic recognition of Croatia and Slovenia through the (then) European Community with the threat of a go-it-alone approach. Opinions on the impact of recognition vary widely. Be that as it may, the German government still smarts from criticism that it almost destroyed the idea of a common foreign and security policy before it got off the ground. Since 1991, therefore, Germany's approach to the unfolding crisis in Bosnia and the surrounding regions has been low key. The Kohl government differs with Britain and France on the major questions of who to blame (the Serbs, according to most German opinion) and whether to maintain an arms embargo on the Bosnian Muslims (no, say the Germans). Germany is at odds with Italy over the appropriate EU policy toward Slovenia, which Rome wishes to punish for not allowing Italians to buy back property confiscated after 1945 and for not compensating Italians for lost assets. Germany has not broken openly with its EU partners over those and other issues, in part to keep alive the vision of a common foreign policy and in part because it does not have troops on the ground in the former Yugoslavia and therefore lacks credibility. The result is an EU policy that may be "common" but is strangely devoid of content and certainly ineffective in bringing peace to the Balkans.

The Balkan conflicts are a disturbing parable for a Europe without United States leadership. In Bosnia, for the first time since World War II, the United States put aside its accepted roles as Western Europe's honest broker and agenda-setter in security matters—roles that had been institutionalized in NATO. The results have not been encouraging. Beyond Bosnia, NATO needs a strategy and forces to deter or contain regional conflicts, and it needs a clear perspective on its future membership and on its relationship with the EU and the UN. Some progress has been made, but only the United States can see that agenda through to completion. The EU is not ready—and may never be—to lead a European collective in matters of security and defense policy. Germany, for all its centrality to Europe's future, will not be accepted as a leader in these policy areas; nor, for that matter, will Britain or France.

From Germany's vantage point, renewed United States engagement cannot come too soon. The risk is not, as some suggest, that Germany will drift away from a well-functioning Atlantic alliance to pursue an independent course, or that Europe will slough off United States leadership in NATO. Instead, the risk is

that the alliance itself will break down, stranding Germany with its unfulfilled pretensions of European union exposed and its need for stability in Central and Eastern Europe undiminished. In that regrettable scenario, Germany will take matters into its own hands and the focus of its balancing behavior will almost certainly be Russia.

## GERMANY'S MORPHOGENESIS

Memories of Weimar die hard. Every four years, a parade of foreign academics and journalists arrives in Bonn to "observe" the elections to Germany's Bundestag as if Germany were some banana republic recently emerged from dictatorship and there was reason to fear election fraud or violence. One must assume that these observers simply come for the boozy election-night celebrations that the German political parties throw for otherwise they would be terribly bored. Monitoring the health of German democracy has meant reading great significance into shifts of 4 or 5 percentage points in the performance of political parties that are almost without exception bland and bourgeois in their agendas. Germany has been governed by the same CDU/CSU-FDP coalition under the same chancellor for 13 years. The only marginal drama these days is the FDP's struggle for continued existence in the face of Germany's "5 percent hurdle" for parliamentary representation.

As a result, the current buzz in Bonn is that Kohl will be "persuaded" to run for chancellor yet again in 1998, since he is the only man capable of leading the CDU/CSU to an absolute majority or crafting a new coalition. He may become the first leader of a major democracy to get a 20-year pin.

Having established that German politics is about as volatile as molasses, it is fair to look at the negative consequences of that situation from the perspective of Germany's long-term well-being. The pressure on the major parties to constantly dress themselves in programmatic garb that might appeal to all manner of coalition partners has the effect of discouraging genuine competition between political philosophies or economic strategies. As evidence of how far this is carried, coalitions between the traditionally Catholic/conservative CDU and the once-radical Greens now are being tried in several German municipalities and are considered by some to be a new option at the federal level.

In such circumstances parliamentary government can tinker with the balance between key interest groups but not reassess it fundamentally. Despite growing awareness that the cost and size of government transfers are choking off job creation and the competitiveness of German industry, the reduction or even substantial reform of Germany's welfare state remains taboo. Neither of the major parties wishes to take the

first step into such frightening political waters. Instead, the CDU and SPD—against only lame resistance from the liberals—have taken turns expanding the diversity and size of government transfers in Germany, taxing one interest group to placate another and vice versa. Today virtually every individual and firm draws a significant portion of income from public funds in Germany, where the government share of gross domestic product exceeds 50 percent. With so many stakeholders, the German social system can claim widespread support, but it is extraordinarily rigid.

Two growing constituencies are orphans of this system. They deserve careful attention for their potential to reshape the German political landscape in the twenty-first century. One such constituency includes many of Germany's financiers and industrialists and its beleaguered young entrepreneurs. The absence of a true *Leistungsgesellschaft* (performance-oriented society) is bemoaned by such individuals, who risk being run over at the perverse intersection between exciting visions of European integration and the statist, paternalistic policies served up in Bonn and Brussels. The elders in this constituency are growing restive as well. Only two days after the German federal elections last year, the Union of German Employer Associations (BDA) released a manifesto entitled "Rebuilding the Welfare State: Securing Efficiency and Solvency," which calls for a complete overhaul of the Federal Republic's social security, health care, and social assistance programs. The BDA document was but the noisiest salvo in a barrage of articles, books, and speeches in recent years by prominent German business leaders and economic analysts who warn of impending fiscal catastrophe with far-reaching consequences for Germany's ability to attract investment and create jobs. Business interests have played a limited role in shaping German politics to date, but that is clearly changing.

The second orphaned constituency in German politics is the unemployed. Labor unions, by definition, represent workers (not former workers), as do traditional labor parties such as Germany's SPD. The unions seek to bid up wages and working conditions for those who still hold jobs, even if this has the effect—especially during periods of structural adjustment and slow growth—of scaring off investment and discouraging the expansion of industrial capacity. The result is fewer jobs overall. Total manufacturing employment in Germany has shrunk by a staggering 2 million since 1991. The country's official unemployment rate hovers between 9 and 10 percent and has been almost impervious to the recent upturn of the global economic cycle.

That level is disturbing enough, but it fails to account for hundreds of thousands of involuntary

retirees and other underemployed workers (especially in eastern Germany) who participate in government make-work programs. Forty percent of Germany's unemployed have been out of work for more than a year (as compared with a long-term unemployment rate of under 12 percent in the United States). The dole in Germany is generous, so the country's unemployed do not face abject poverty; in fact, some Germans may be quite content without a job. Taken as a group, however, the unemployed in Germany constitute a growing underclass of people who in many cases harbor considerable resentment against the forces (real or imagined) that caused their plight. The Party of Democratic Socialism (PDS), the successor to the East German Communist Party, is thus far alone in playing to this constituency, which has helped it win parliamentary seats throughout eastern Germany and in the Bundestag. The PDS shows no signs of establishing a base in western Germany, however.

At the risk of creating a false drama, the possibility that Germany's two orphaned constituencies will find a home in a single political movement should not be ruled out entirely. A small group of "national liberals" attempted to do just that inside the FDP this year, uniting a free-market agenda with a nationalist-populist message (anti-EU and often anti-West). The FDP rejected this experiment decisively. Its scapegoating, nationalist component is difficult for Germany's globally minded entrepreneurs and economic elite to stomach, but the movement lingers on the fringes of German political discourse. More likely, the two orphaned constituencies will establish or be drawn to separate beachheads on the German political landscape, where the large but anxious center in German politics will be hard-pressed to ignore them much longer.

## NO ESCAPE

For Germany, the current decade is as challenging and pivotal as the early years of its existence and the period of unification. In the political cocoon of the cold war and even in the first years after unification, Germany's traditional patterns of behavior served it well. German idealism in foreign policy seemed naive and it occasionally frustrated Germany's allies, but it also suggested an almost heroic transcendence on the part of a nation that had so thoroughly confronted its past. The pursuit of balance abroad and consensus at home promoted stability, which is precisely what Germany and its neighbors craved. These patterns will not disappear entirely in the years ahead. Germany stands before a number of crossroads, however, from which its traditional escape routes to moral high ground and political hedging are no longer accessible. ■

"The selection of Berlin as the capital of united Germany makes possible a true capital city, but a cohesive and mature foreign policy establishment and political class will take at least a generation to develop. In the meantime, we can expect Germany to be rather inexperienced and inept at integrating its old western and its new eastern orientations."

## Germany and the Reemergence of Mitteleuropa

BY JAMES KURTH

**G**ermany's place in Europe has always been anomalous. It has been either too strong or too weak to permit a stable European equilibrium; as the prominent British historian A. J. P. Taylor remarked at the end of the Second World War, "the Germans are either at your feet or at your throat."

Demographically, a unified Germany, as it was from 1871 to 1945, was larger than any other European power (except for Russia, which was not seen as wholly European), but not so large that it could dominate the rest of Europe, as the United States has dominated the Americas. Germany was large enough to constitute a foreign threat, but not large enough to compose an international order.

Historically, Germany, as the seat of the Holy Roman Empire, could claim to represent the broadest and most European of political visions. But Germany was also the principle arena of the Protestant Reformation and the Thirty Years' War (1618-1648), both of which permanently divided European civilization along religious and political lines.

Economically, Germany was a late developer during much of the modern era. When it did industrialize in the second half of the nineteenth century, however, it quickly built the largest, most advanced, and most competitive economy in Europe.

The history of Germany's relations with the rest of Europe has thus been distinguished by a peculiar combination of strength and weakness, unity and division, and progress and backwardness. For at least five cen-

turies and in every generation, Europeans have had to live with some version of a German problem.

### THE SECOND THIRTY YEARS' WAR

The twentieth century began with the German problem as Europe's foremost problem. Industrial and social trends pointed toward German leadership or hegemony over the rest of Europe; Europe would become a German Europe. One aspect of this dynamic was that competition with more advanced Western Europe drove Germany to exploit the more backward Eastern Europe. Germany also found a natural associate in Austria-Hungary; together they formed in Central Europe a military alliance and the distinctive culture of Mitteleuropa.

Already, however, the other European powers (France and Britain in Western Europe, Russia in Eastern Europe) had set in motion a countervailing diplomacy and strategy by aligning themselves against the strong Germany. The end result of the confrontation between the two alliances was World War I.

Had this war remained a European war, it probably would have ended in a German victory after the major and initially successful spring 1918 German offensive. The German victory would have then led to German hegemony in peace. However, the entry of the United States, a non-European power, tipped the military balance against Germany and brought about its defeat.

This American intervention thus prevented what would have been the natural conclusion of the European dynamic weakening by itself. In doing so, however, the United States created a paradox.<sup>1</sup> The apparent victors in the aftermath of the great struggle turned out not to be the real victors in the longer run. In 1918 and 1919, it certainly appeared that the Western allies—particularly France, Britain, and the United States—were the victors over Germany, a perception certified by the Versailles Treaty and in the systems it estab-

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<sup>1</sup>This and the concluding section of this article draw substantially on my "Things to Come: The Shape of the New World Order," *The National Interest* (summer 1991).

lished. But, even as they triumphed, France and Britain were exhausted by the rigors of a long war, and it soon became clear that the United States was the real inheritor of the fruits of victory. The United States first composed the League of Nations (which it almost immediately abandoned) and then the Dawes Plan (large-scale bank loans) for reconstructing Central Europe, and especially Germany, in its own liberal-democratic and liberal-capitalist image. From the perspective of the 1920s, then, the United States was the real victor in World War I.

By the end of the 1920s it turned out that the United States victory, too, was only an apparent one; with the onset of the Great Depression in 1929, the Dawes Plan and the American project for Germany collapsed, revealing the real and fundamental strategic legacy of 1918. Before 1914, Germany had been haunted by the "nightmare of encirclement," trapped between France and Russia. During World War I, however, Germany had defeated Russia, as demonstrated in the "forgotten peace" of Brest-Litovsk in March 1918, and for two decades thereafter Russia remained isolated behind a cordon sanitaire of new and weak states, preoccupied with its "socialism in one country." Thus, after 1918, Germany was confronted with only one major continental adversary: France.

The economic legacy of 1918 was much the same. Despite its long succession of economic miseries—defeat, revolution, occupation, inflation, and depression—the German economy remained the largest, the most advanced, and the most competitive industrial complex in Europe, just as it had been before 1914.

When the Nazis displaced the Weimar Republic in 1933, it was not long before these underlying strategic and economic strengths were recognized and realized. While Adolf Hitler and the Nazi elite were fixated on the strategic strengths, the economic strengths were well understood by the conservative elites of German industry and finance, who soon composed the Schacht Plan (based on organized foreign trade and controlled currency exchange) for reconstructing Central and Eastern Europe in their own corporatist-authoritarian and organized-capitalist image. However, this grand project for German leadership of Mitteleuropa through economic means, which might have very well succeeded, was instead overtaken by Hitler's own ambition for German rule of Europe through military conquest.

The first half of the twentieth century was thus dominated by a new thirty years' war (1914 to 1945) to prevent the natural consequences of a strong Germany—a German Europe. In the end, Germany was left even weaker than it had been after the first Thirty Years' War three centuries before.

## THE TWO GERMANYS

Britain, the United States, and the Soviet Union were the obvious victors over Germany in World War

II, as was demonstrated by the Yalta-Potsdam system. But Britain, which had fought longer and harder than any of the other Western allies, was again deeply exhausted at the moment of triumph. Once more, the fruits of victory fell to the United States. The United States then composed the Marshall Plan and the North Atlantic Treaty Organization (NATO) to reconstruct Western Europe, including West Germany, in its own liberal-democratic and liberal-capitalist image, now modified by the New Deal welfare state.

The other real victor was the Soviet Union. It proceeded to carry out the Eastern European revolution of 1945, a revolution from above and outside that reconstructed the region, including East Germany, in its own Stalinist and Communist image, while reorienting the Eastern European economies toward the Soviet one. More precisely, the Soviet Union created an Eastern Europe in much of Mitteleuropa (particularly East Germany, Poland, Czechoslovakia, and Hungary). In doing so, the Soviet regime severed the region from the rest of the continent.

There was now both an American Germany and a Soviet Germany. As Soviet Marshall Georgi Zhukov said to President Dwight Eisenhower in 1955, "you have your Germany, and we have ours. It is better this way."

It already appeared, however, that these two non-European Germanys might not be a stable and permanent solution to the German problem. And it still seemed that a German Germany would simply bring back the problem in its extreme form.

## BECOMING WESTERN

In this troubling situation, it looked like the only way to resolve the conundrum of Germany in Europe was to create a European Germany. This was the great undertaking of the Western Europeans, including the West Germans, between 1950 and 1992. The major steps along the way were the European Coal and Steel Community (ECSC), the European Economic Community (EEC), the European Community (EC), and finally, in 1992, the European Union (EU).

This task of creating a European Germany came naturally to Chancellor Konrad Adenauer and his Christian Democratic Party. Adenauer was from the Rhineland, a far western part of Germany that had always been more open to Western (and especially French) influence than other sections of the country. Adenauer and the Christian Democrats believed that a West Germany fully integrated into a Catholic Western Europe (France, Italy, Belgium, and the Netherlands) would leave behind the seductions of Prussian militarism and German nationalism that had proved so disastrous for the Germans.

The Europe of this European Germany was the "little Europe" of the original six members of the ECSC and EEC. It was largely Catholic, anticommunist, and drawn

to a particular European set of ideas that was meant to transcend the two extremes of liberal capitalism and state socialism—namely civil society, organized capitalism, and the “social market.” Even after the later admission into the EEC of Britain, Ireland, Denmark, Spain, and Portugal, this Europe remained only a Western Europe, and West Germany remained only a Western European Germany. People spoke of a European Germany, but since their conception of Europe was limited to Western Europe, what they really had in mind was a Western European Germany.

After a decade or so of skepticism, the German Social Democratic Party joined the Christian Democrats in embracing the task of creating a Western European Germany. The project has also been adopted by Germany's most prominent minor parties, the Free Democrats and the Greens.

During the long cold war, it seemed plausible that West Germany could become a Western European Germany (and even that East Germany could become an Eastern European Germany). However, the revolution of 1989–1991 brought about not only the reunification of the two Germanys but the redefinition of Eastern Europe. Together, these great transformations have totally recast, and in some measure revived, the old problem of Germany and Europe.

The revolution in Eastern Europe in 1989 and 1990 abolished the Soviet empire in Europe and in doing so abolished Eastern Europe itself, which had existed as a separate, and separated, region only by virtue of its conquest and subsequent communization by the Soviet Union. The abolition of Eastern Europe meant the resurrection and return of Mitteleuropa.

The collapse of the Soviet Union itself in 1991 and the release of the European countries that had been contained within Soviet boundaries created a new Eastern Europe, one to the east of what was now, once again, Central Europe. More exactly, it meant the resurrection and return of what before 1945 had been known as Eastern Europe (including the Baltic countries, Belarus, Ukraine, Moldova, and even Russia).

## THE RETURN OF MITTELEUROPA

The notion of a return of Mitteleuropa must certainly give one pause. Of all the regions that have generated conflict in this century, it has been the most momentous, both the source and the center of two world wars and the cold war. Out of Central Europe exploded a destructive energy that threw much of the rest of the world into conflict and turmoil. Onto Central Europe there was then imposed a deterrence system erected by the two superpowers, the United States and the Soviet Union.

Of all the international security systems of the past half-century, easily the most important and the most institutionalized were NATO and the Warsaw Pact, which, by partitioning the continent into two blocs, appeared to have put an end to Central Europe as an assortment of independent actors and a mass producer of international insecurity. With the collapse of half the old security system—the Soviet bloc and the Warsaw Pact—and Eastern Europe's transformation back into Central Europe, the ancient problem of Mitteleuropa's potential volatility could confront us once again.

It is the new, united Germany that most influences the shape of the new Mitteleuropa. The new Germany fulfills the vision and the Westpolitik of Konrad Adenauer, who, as chancellor and Christian Democratic leader in 1950, conceived that a West Germany fully integrated into a Catholic Western Europe (France, Italy, Belgium, and the Netherlands) would become a “magnet” that would gradually but steadily draw Eastern Europe to it by its economic, social, and cultural lines of force. It also fulfills the vision and the Ostpolitik of Willy Brandt, who, as chancellor and Social Democratic leader in 1970, sought to remove the Iron Curtain that stood in the way of the iron magnet's attraction. The unification strategy and Deutschlandpolitik of Helmut Kohl, the chancellor and Christian Democratic leader in 1990, combined both East and West, and did so in several senses.

Germany is not about to make Western Europe into a German Europe. It is, however, making Central Europe into a German Europe.

Germany is not about to make Western Europe into a German Europe. It is, however, making Central Europe into a German Europe, and its efforts to do so will divide Western Europe and Central Europe. They will also divide the new Eastern Europe (the European territories of the former Soviet Union) and Central Europe as well.

During the 40-year history of the Bonn Republic, it was often said that “Bonn is not Weimar.” Now, after a half-decade of a united Germany, we can begin to see the shape of what some are now calling the Berlin Republic. This new Berlin is not the old Berlin; but just as Bonn was not Weimar, so too, Berlin is not Bonn. We can already see some of the implications, and some of the resulting tensions, that the new Germany's approach to the new Mitteleuropa, its new Ostpolitik, will have for Western Europe and for the United States. The Ostpolitik of the new Germany is driven by both an economic logic and a security logic. And it is confirmed by a cultural legacy.

## THE ECONOMIC LOGIC

Germany has a peculiar place in the international economy. German industries have been competitive in

international markets, but they are becoming increasingly obsolescent. The distinctive nature of Germany's industrial structure has been its perfection of the industries that were created in the late nineteenth century—steel, chemicals, machinery, and automobiles. But Germany has become less competitive in these industries vis-à-vis Japan and the newly industrialized countries (NICS) of East Asia, especially South Korea and Taiwan.

This means that Germany needs markets that will give preferences to its products—and its most natural markets are Central and Eastern Europe. These regions are also the most natural areas for German industrial investment in search of cheaper labor. German economic leaders think of Central and Eastern Europe like American economic leaders think of Mexico and the rest of Latin America. There is consequently a German economic drive to the east, an imperative to create a *wirtschaftsraum*, or German economic realm, in those regions.

A crucial question, however, is how far to the east? In the German mind, there is a sharp division between the four nearest countries (Poland, the Czech Republic, Slovakia, and Hungary—sometimes referred to as the Visegrad Four after a cooperation agreement signed between them in Visegrad, Hungary in 1991), and the former Soviet Union (Russia, Ukraine, Belarus, and so on). In the former there is economic recovery and political predictability (and predictability is deemed essential by German industry); in the latter there is economic entropy and political instability.

This emerging economic distinction is reinforced by the old distinction that is now being revived. Historically, Germans have thought of the four closest countries as really part of Central Europe rather than Eastern Europe, and they have considered Mitteleuropa's core to be Germany itself. They have thought of the countries further to the east as the real Eastern Europe.

This economic logic has implications for Germany's role in the European Union. Germany is attempting to extend the EU eastward to cover an economic realm composed of the Visegrad Four. It wants to have the EU provide membership, markets, and subsidies to these four countries. In addition to providing clear economic benefits, Germany also sees the EU as a way to contain nationalist extremes and political instability, to confirm the reconversion of these four countries from Eastern Europe back into Central Europe.

Western Europe, however, will resent and resist these German efforts to extend the EU. This will produce a clear conception among all parties of a sharp difference between the interests of Western Europe and those of Central Europe. This will also be seen as a sharp difference between the old consensus between Western Europe and West Germany (the Bonn Republic) and the new conflicts between Western Europe and

unified Germany (the Berlin Republic). Berlin is not Bonn, and the differences in economic perspectives have created a central tension between Germany and Western Europe for the foreseeable future.

## THE SECURITY LOGIC

This economic division between Central Europe (the Visegrad Four) and Eastern Europe (the former Soviet Union) is reinforced by an emerging security division. A Soviet legacy—a Russian military-industrial complex—is shaping Russian policy toward the other former Soviet republics in the “near abroad,” and has largely brought about a reconstruction of a Russian sphere of influence. Politically, Russia has assumed the role of the protector of Russian minorities in the former republics and is working with ex-Communist leaders in several of them. Militarily, Russia has intervened in civil wars in Moldova, Georgia, and Tajikistan, and has stationed troops on the old Soviet borders with Iran and Afghanistan. Economically, Russia has exploited the former republics' dependency on Russian oil to achieve its objectives.

From the German perspective, it is clear that Russia will eventually reestablish sway over most of the territory of the former Soviet Union. As such, it can again pose a security threat to Germany. This makes it imperative to bring that area between united Germany and the former Soviet Union—Poland, the Czech Republic, Slovakia, and Hungary—into a close security relationship with Germany. Consequently, there has been a German security drive to the east to extend the NATO security umbrella over these four countries. Under existing international agreements, however, NATO troops cannot even be stationed in Germany's five new *Länder* (the territory of the former East Germany), much less in the four new countries of Central Europe (part of the former Warsaw Pact).

This security logic has implications for Germany's role in NATO. Germany wants NATO to provide membership, security guarantees, and perhaps troop deployments to the Visegrad Four. And along with the European Union, Germany sees NATO as a way to contain nationalist extremes and political instability and confirm the reconversion of these four countries from Eastern Europe back into Central Europe.

Such an eastward extension of NATO would raise new versions of the old and familiar problems of commitment and credibility. The new Central Front would be very different from, and more difficult to maintain, than the cold war Central Front. The new frontier (stretching from the Baltic Sea to Serbia) would be twice as long as the old frontier; it would be more unstable; nuclear deterrence would be less credible than before; and conventional defense would be more complicated than it was during the cold war.

There is thus a “double” economic and security logic driving Germany to create a Central European

realm composed of Poland, the Czech Republic, Slovakia, and Hungary. And this has created a double tension between Germany's eastern necessities and its western rigidities, between its "drive to the East" and "all quiet on the Western Front."

## THE POLITICS OF CULTURE

This new economic and security frontier between Germany's Central European realm and Russia's near abroad happens to coincide with a long-standing cultural frontier. In a well-known article in *Foreign Affairs*, Samuel Huntington has discussed "the clash of civilizations" and has identified one crucial frontier to be between Western and Orthodox civilizations (which coincides with the frontier between Roman Catholicism and Eastern Orthodoxy that has existed since the Great Schism of 1054 or even since Constantine's division between the Latin and the Greek halves of the Roman Empire). This "civilizational" or cultural frontier has long been prominent in the German mentality; it will reinforce the German sense that the economic and security frontier has been correctly delineated.

There are, however, several loose ends or anomalies that do not fit this frontier. The Baltic states (Estonia, Latvia, and Lithuania) and the western one-fourth of Ukraine, while east of the economic and security frontier, are historically part of Western Christianity rather than Eastern Orthodoxy. An even looser end is Kaliningrad and the district surrounding it. Once Königsburg and East Prussia, it is now legally part of Russia but is physically separated from it by Lithuania and Belarus. These loose ends will make it especially difficult for Germany to establish a stable economic and security frontier between Central Europe and the former Soviet Union, for they also have some claim to be a part of Central Europe.

## THE NORTHERN FLANK MODEL

What might serve as a model for stable security arrangements in Central Europe? Cold war security arrangements are inapplicable. Those of the earlier past (the interwar era) are unacceptable. There are, therefore, no obvious historical models within Central Europe itself to show how to deal with its new security problems.

A more viable historical model for the future of Central Europe can be found instead in the recent past of the Northern Flank. In particular, the security positions of Finland, Sweden, and Norway during the cold war suggest some possibilities.

These three northern countries were politically independent of both superpowers during the cold war, but their security positions differed. Finland was formally neutral, but it was within the Soviet security

zone. Sweden was also formally neutral, but it was an armed neutrality. Norway was formally a member of NATO, but it did not allow NATO troops to be stationed on its territory (northern Norway bordered on the Soviet Union). Together, these three northern countries represented an East-West continuum between the Soviet and the NATO security realms.

In the future, a similar East-West continuum could develop between the Russian and the NATO security realms. Like Finland, Belarus and Ukraine could be politically independent and militarily neutral but remain within the Russian security zone. Like Sweden, the Visegrad Four could be politically independent and militarily neutral. Like Norway, united Germany already is a member of NATO, but NATO troops are not stationed in that part of its territory closest to Russia—that is, the five new *Länder*.

A transfer of the East-West continuum of the old Northern Flank to the new Central Europe would still leave some problems, however. First, the "loose ends"—the Baltic states, the Kaliningrad enclave, and western Ukraine—would still remain outside this

arrangement. More significantly, maintaining a stable East-West continuum on the Northern Flank required of the three northern countries a subtle and sophisticated diplomacy based on a clear and prudent understanding of national interests. The same qualities would be required to maintain a stable East-West continuum in Central Europe. Such qualities, however, have not been prominent in the German tradition of foreign policy.

The potential dangers can be seen if we turn our gaze to the old Southern Flank, particularly the Balkans and the former Yugoslavia. As Yugoslavia disintegrated into civil war in 1991, it was Germany that led the other nations of the European Community to recognize the independence of Croatia and Slovenia. Germany acted out of economic interest but even more because of cultural tradition (an understanding that Croatia and Slovenia were part of the same Catholic civilization as southern Germany). In doing so, however, it revived the historical enmity of the Serbs toward the Germans. In addition, Bosnia, lying between Croatia and Serbia, became the arena for a prolonged ethnic war.

A similar dynamic could develop in the former Soviet Union. German weight in the EU and NATO could bring about their greater integration into the German economic and security realm, which would likely revive the historical enmity of the Russians toward the Germans. In addition, Ukraine (and perhaps also the Baltic states) could become an arena for ethnic wars.

Germany will find it difficult to conduct a complex foreign policy. It is a commonplace that Germany does not have a political class or even a foreign policy estab-

lishment. In part this is because West Germany did not really have in Bonn a traditional capital city, certainly not in the sense of London, Paris, and Moscow, where elites from all the major sectors and commanding heights of the nation are in close proximity and engage in the interaction that facilitates the coming together of an establishment or class. In addition, the West German universities have made virtually no contribution to forming a foreign policy establishment or indeed any political elite at all. Nor have research institutes or any other institutions in Germany performed this task. Instead, Germany has an array of foreign policy specialists and centers that often have a partisan identity and often conflict with one another for partisan reasons.

The selection of Berlin as the capital of united Germany makes possible a true capital city, but a cohesive and mature foreign policy establishment and political class will take at least a generation to develop. In the meantime, we can expect Germany to be rather inexperienced and inept at integrating its old western and its new eastern orientations and somewhat inconsistent and unpredictable in its foreign policies.

### A TALE OF THREE GERMANYS

The history of Germany since the end of World War II may be seen as the development of three successive German characters. It is also a journey between three cities and a trajectory over three generations.

The first Germany is the Germany of Bonn and the Federal Republic. As the earliest and weakest Germany, this was also the American Germany. Its historical moment was the 1950s and 1960s, though of course this particular German character still survives today in Germany's military dependence, through NATO, on the United States. But this Germany is no longer dominant.

The second Germany is the Germany of Brussels and the European Community. As one of several more or less equal EC states, this was also the Western European Germany. Its historical moment was the 1970s and 1980s. This persona not only overshadowed the first Germany, but still appears as the most prominent German character today.

The third—not yet fully emerged—Germany is the Germany of Berlin and Mitteleuropa, the largest and easternmost version. This is the Central European Germany; it also entails, to a significant degree, a German Central Europe. Its historical moment will be the 1990s and 2000s.

When Germany faces east toward Mitteleuropa, its role is that of the dominant partner in a series of bilateral relationships with the Central European states—the hub with spokes radiating outward. Conversely, as Germany faces west toward the European Union, its role continues to be that of the first among Western European equals, but now more manifestly first than before. Germany is also the bridge and the broker, indeed in large measure the gatekeeper, between the

European Union and Mitteleuropa. Direct investment and foreign aid from the EU and its member states will find their way into Mitteleuropa, but they will do so within a framework of German practices, as junior partners to German firms, and perhaps subject to the veto of the German government. Germany will advance a basic standard of political stability and predictability in the Central European states by promoting economic stability in the region through preferential trade, investment, and aid arrangements. The German conception of the international economy will become primarily a continental or European, rather than a global, one.

### THE CHARIOT'S COURSE

Great international orders have their great cities, and great cities have their essential symbols. The city of the liberal international order has been New York, and its symbol is the Statue of Liberty. The city of the communist international order was Moscow, and its symbol was Lenin's tomb. The city of the emerging international order of Mitteleuropa will be Berlin, and its symbol is the Brandenburg Gate.

The Brandenburg Gate was erected in 1791. It was one of the first of the great neoclassical monuments that would distinguish the Prussian capital in the first half of the nineteenth century. But it is surrounded on all sides by monuments that express different styles and different parts of the German experience and achievement. Two in particular express the values of the liberal, western Germany. To the west of the Brandenburg Gate is the Kurfurstendamm, the glittering boulevard that is the symbol of capitalist Germany; also to the west is the Reichstag, the symbol of democratic Germany. Similarly, there are two monuments that express the values of the traditional, eastern Germany. To the east of the Brandenburg Gate is the statue of Frederick the Great, the symbol of military Germany; also to the east is the Museum Island, the symbol of cultural Germany.

The Brandenburg Gate, at the center of Berlin and therefore of Mitteleuropa, is also at the center of the four great talents of the German past—capitalist, democratic, military, and cultural—and the four great promises of the German future. The tragedies of the German past, and of the old Mitteleuropa, occurred when these four powers fell out of balance and ran out of control.

On top the Brandenburg Gate stands the Quadriga, the chariot drawn by four horses, and at its center stands the charioteer, the symbol of classical order harnessing, balancing, and directing dynamic powers. In our time it may again be the symbol of order harnessing powers, of organized capitalism, the social market, the civil society. The order of Mitteleuropa, and of all Europe as well, will depend on the German charioteer's prowess and skill. ■

"Japan's political malaise has congealed decision making in the amber of bureaucracy. Rather than a Japan that 'can't say no'... Japanese society (and Japan's foreign interlocutors) confront political institutions that don't know how to say yes to change, even when manifestly in Japan's interest."

## Apathy or Change in Japan?

BY FRANK MCNEIL

Japan's politics has become the dog that doesn't bark. In 1993 a mood of reform swept the country; that summer angry voters ousted the Liberal Democratic Party (LDP) from power after four decades, replacing it with a coalition of breakaway conservatives and traditional opposition parties, among them the LDP's long-time antagonist, the Socialist Party (which, before the elections, had changed the English translation of its name to the Social Democratic Party of Japan, or JSDP). Led by a reform conservative, Prime Minister Morihiro Hosokawa, the coalition passed significant electoral reforms. The reform mood, however, subsequently dissipated and has been replaced, at least temporarily, by voter apathy and stagnant government.

An old scandal drove Hosokawa to resign; his coalition, briefly led by Tsutomu Hata, another reform conservative, gave up the ghost when the JSDP and a small liberal party, Sakigake, defected to form a new parliamentary majority with the LDP. This coalition of former sworn enemies was presided over by Socialist Prime Minister Tomiichi Murayama but dominated by the LDP, whose new leader and deputy prime minister, Yohei Kono, was himself at one time a conservative rebel. If the reader has trouble following this script, so did the Japanese public.

Dominated by an unelected bureaucracy, successive governments have failed to stem Japan's recession, much less to press deregulatory measures to free up what the *Nihon Keizai Shimbun* (Japan's *Wall Street Journal*) calls "the regulation-bound archipelago." The legs of a once solid "tripod" of business, party, and bureaucracy are askew. Like the feudal bureaucracy (Bakufu) of the late Tokugawa era, the government appears to be in the hands of retainers. In the West, the end of the cold war, Japan's weight in the global economy, and the salience of its huge capital surplus in its international dealings have led to a focus on Japan's

economy that all but excludes that country's politics from reporting.

Still, something is wrong with this picture. Scholars such as Gerald Curtis have correlated Japan's stellar economic performance with a dynamic period in Japan's politics, lasting into the 1970s, in which the ruling Liberal Democratic Party worked effectively with business and the bureaucracy. Conversely, it is the inadequate performance of political institutions in recent years that helped spark, and then prolong, Japan's economic troubles.

### THE POLITICS OF TRADE

Consider this question: Who is the only person to play an important role in successful campaigns for party leadership in Japan and America? Answer: Mickey Kantor, the United States trade representative. Kantor played a major role in Bill Clinton's campaign for the Democratic nomination, and his tense automobile negotiations with Japanese Ministry of International Trade and Industry (MITI) Minister Ryutaro Hashimoto launched the latter's effort to wrest control of the LDP leadership from Deputy Prime Minister Kono. In late August 1995, Kono withdrew, opening the way for Hashimoto's election to the LDP presidency a month later. The affair showed that visible resistance to *gaiatsu* (foreign pressure) had become a political plus within an LDP that for years had looked for ways to accommodate, though not satisfy, America's trade negotiators.

Too much may be made of this. The neurotic style of United States-Japanese economic negotiations (we hit them, they scream for effect, and then the two countries reach agreement) had to come to an end. Japan's establishment, to which Hashimoto and his rivals belong, does not really appear to be spoiling for a fight because, among other reasons, Asia could be a lonely place without the American alliance. Moreover, automobile negotiations may have no effect on a disgusted electorate. For example, apathy was the clear winner in the elections this July for the Diet's upper house, the House of Councilors; only 44 percent of the voters cast ballots, the lowest turnout in postwar history.

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Those who did vote rebuked the governing coalition. As expected, the JSDP did badly, losing roughly half the seats it had at stake. As a result, in late September the Murayama wing acceded to demands from other socialists to disband the JSDP; they are now looking for a new name (undecided at this writing) and a new lease on life. For some former Socialists, disbanding means something more—a way station on the road to forming a “third force” party of self-styled liberal persuasion, something long advocated by a loose collection of dissident conservatives and socialists in both the government and the opposition.

The LDP had expected to win big, setting the stage to replace Murayama at a convenient moment with an LDP prime minister. But the party gained only a few seats, by no means enough to make up for the losses of its coalition partners, a circumstance that helped Hashimoto unseat Kono as party leader. Instead, the opposition, now coalesced into the New Frontier Party (NFP), scored significant gains, thus confounding predictions of a new golden age for the LDP. Presided over by a former Liberal Democratic prime minister, Toshiki Kaifu, the NFP's big tents harbors conservatives, Komeito (Clean Government Party), former socialists, and smaller party members; it also enjoys labor support. In the NFP's relative success two factors stood out: NFP newcomers did well and the party broke the LDP's near monopoly of contributions from the business establishment.

None of this immediately threatens the existence of the Murayama government. As is typical in parliamentary systems, the government derives its mandate not from the upper chamber, but from its majority in the lower House of Representatives. The results, however, make Murayama personally indispensable; his resignation would precipitate elections before the LDP wants them, which has increased Murayama's once scant leverage over the Cabinet. A significant restructuring of the parties, the third in as many years, could also provoke the dissolution of the House and early elections. Otherwise, House elections are likely sometime next year.

In the last two years requiems have been written for the LDP and for what is now the NFP, but only the JSDP has died. If no large restructuring emerges, the LDP and the NFP will be the major players. Neither is immune to defection, accentuated by the fact that Japan's two most forceful politicians, the Liberal Democrat's Hashimoto and the New Frontier Party's Ichiro Ozawa, stir resentments among their fellows. Put simply, Japanese elections are no longer predictable. A new and large unknowable is whether the next campaign can rekindle the public's interest in going to the polls.

### CHANGING TIMES, FROZEN POLICIES

Japan's political malaise has congealed decision making in the amber of bureaucracy. Rather than a Japan that “can't say no,” the nationalist complaint of former LDP parliamentarian Shintaro Ishihara, Japanese

society (and Japan's foreign interlocutors) confront political institutions that don't know how to say yes to change, even when manifestly in Japan's interest.

In a matter of far greater economic consequence, three successive administrations—an LDP government under Prime Minister Kiichi Miyazawa, Hosokawa's coalition, and the present Cabinet of Prime Minister Murayama—have been unable to override the orthodoxy of Finance Ministry bureaucrats. Despite criticism from economists and businessmen, the ministry clings to Hooverian policies, refusing to administer a fiscal stimulus to an economy in need of a Keynesian touch. As a result, Japan is stuck in a soft takeoff, edging closer to a “double dip” recession, risking endemic asset deflation and, in the worst-case scenario, a banking crisis.

Frozen attitudes have also had political implications. Asians expected an apology for Japan's wartime behavior on the occasion of the fiftieth anniversary of the end of World War II, but the government could not produce a Diet resolution that went beyond ambiguities. Rather than put to rest the ghosts of war by explicitly recognizing Japan's historical responsibility for the horrors visited upon Asia, the Diet's resolution reopened wounds. The frank apology for Japan's war behavior that Prime Minister Murayama offered in August helped repair the damage, but it must be seen as an individual gesture reflecting deep personal beliefs. That the Cabinet approved his statement only in part reflects the LDP's need to keep the coalition alive; Murayama went well beyond what many Liberal Democrats were saying publicly.

### REMEMBRANCE OF POLITICS PAST

The history of modern Japan begins with the Meiji Restoration of 1867, which unseated the cloistered Tokugawa Shogunate and its feudal Bakufu. The Meiji era brought revolutionary but by no means democratic change. Under the slogan of “strength and wealth,” Japan sought to enter the industrialized world and construct a modern military to defend Japan against Western colonial powers. In matters of wealth, Meiji influence persists. Many of Japan's important economic traits can be traced to the Meiji era, among them the country's industrial policy, an emphasis on infrastructure and education, close ties between business and government, and a bureaucracy based on merit. Not all were Meiji innovations: the emphasis on quality is an import from America, and United States General Douglas MacArthur's agrarian reform, introduced during the postwar American occupation, not only increased agricultural production but made sharecroppers into landed farmers, which gave large numbers of Japanese a stake in democracy.

Before the end of the Meiji period in 1912, Japan's external behavior had begun to recall earlier expansionist moments and emulate Western colonialism. The search for colonial concessions in China and

Korea led to war with China in 1894 and with Russia in 1903, and to Japan's long, unhappy occupation of Korea, which began in 1910. Notwithstanding the "Taisho democracy" of the 1920s, "strength" would eclipse "wealth" in the calculus of a rising generation, especially in the military. In the 1930s, Japan's military decision makers embarked on the course of empire that brought great suffering to Asia, death to American troops, and disaster to Japan.

America's occupation of Japan introduced a strong institutional framework, but democratic institutions would not have taken root had they simply been grafted onto society by MacArthur in 1945. Japan's ability to assimilate democratic practices owed much to experience with the failed institutions of the 1920s and to postwar revulsion to military rule and war. The transitional period, when Japan could have cast these liberties aside, showed that the people found them congenial.

### THE "REVERSE COURSE"

Consider what happened after the American occupation ended in 1953 and Japan's real transition to democracy began. Japanese elites, fearing the rowdiness of democratic politics and the loss of control over society (which they equated with a communist threat) sought to return to an idealized version of Taisho democracy in which order would be restored to Japanese society, presumably without the hard edges of militarism.

This "reverse course," as Japanese critics named it, would become the central challenge for the transition. The first business, made pressing by opposition strength in the Diet, was a loveless marriage between two warring conservative parties. Brokered by Japan's senior business organization, the Keidanren, and blessed by the Americans, the Liberal Party, led by Japan's dominant postwar politician, Shigeru Yoshida, merged in 1955 with the Progressives, led by Ichiro Hatoyama, to become the Liberal Democratic Party.

Hatoyama, who became the new LDP prime minister, had been purged for obscure reasons from immediate postwar politics by the occupation authorities; with no stake in the original postwar constitutional arrangements, he embarked in earnest on the reverse course.

Hatoyama sought to change the electoral system, aiming to secure a two-thirds majority to make changes to the constitution. The "Hatoyama-mander," as it was called, failed but LDP leadership persisted. In 1957, Prime Minister Nobusuke Kishi tried to enhance police powers and, not coincidentally, restrict civil liberties in the name of social order, but the bill was withdrawn from the Diet under strong public criticism and in the face of massive demonstrations by students and laborers. In 1960 Kishi resigned. The proximate cause was his attempt to force through the Diet a revision of

the 1952 security treaty with the United States, drawn up at United States insistence to accompany the San Francisco Peace Treaty.

It is all but forgotten, but many Japanese were uncomfortable with the security treaty; they saw it as counter to Japan's "peace constitution," which enjoyed great public support despite (and sometimes because of) its American inspiration. The treaty revision, passed before Kishi's resignation, eliminated clauses that infringed on Japan's sovereignty but nonetheless sparked huge demonstrations, causing the cancellation of President Dwight Eisenhower's visit to Japan, followed by Kishi's resignation.

Kishi's domestic program did not survive his time in office. The "reverse course" stopped short of its goal—changing the institutional fabric of Japan—because of fierce public and media opposition. Kishi's successor and critic in the LDP, Hayato Ikeda, took power in 1960 with quite a different agenda, an economy-first policy called "income doubling." He had grasped the right issue. Income doubling, far too modest a description of the exponential growth begun under Ikeda, reinvigorated the LDP's fading popularity.

In the words of a distinguished Japanese political scientist, Junichi Kyogoku, in 1960 the Liberal Democrats "gave up reviving the prewar political system" to accept "the influx and spread of mass culture and Westernized modes of social life." This intensely political decision brought the transitional period in Japan's democratic institutions to a close, established the institutional framework inherited from the occupation, and set Japan firmly on the road to economic greatness.

Toward the end of the 1960s the security relationship with America placed LDP rule in temporary jeopardy. An academic cottage industry grew in Japan and America, dedicated to "scientific" prediction of when the declining trend in the LDP's vote would produce a Socialist-led government. The "security treaty crisis" of 1970, centering on the tenth anniversary of the treaty, was supposed to be the turning point. It was, but not in the manner trend watchers had predicted. For reasons of policy and temperament, Ikeda's successor, Eisaku Sato, maintained Japan's path of growth and compromise. But Sato, like Ikeda before him, found the right issue, putting polite but insistent pressure on the United States to return first Iwo Jima, and then Okinawa, to Japanese control.

The political calculus was well understood by senior American officials, and in late 1969 President Richard Nixon formally agreed to "revert" Okinawa to Japanese administration. The Japanese demonstrated their approval in the next general elections, giving the LDP a considerable victory. In the three years between 1969 and 1972, the security relationship with the United

States ceased to be held hostage to Japan's politics because of three events: the reversion of Okinawa, Nixon's opening to China, and the end of the Vietnam War.

Domestic issues, at which the Liberal Democratic Party was skilled, would now dominate elections. The major demographic shift toward urban centers that changed the face of Japan meant the LDP could no longer only rely on the rural voter. In the manner of successful parties everywhere, the LDP changed with the times, adjusting policies to appeal to urban voters, particularly from newly enfranchised age groups and those who had migrated from the farm to the city.

### THE AGE OF INADEQUACY

In contrast, the Socialists remained trapped in a 1920s-style Marxist dogma. Inasmuch as most Japanese after 1970 were interested in economic growth rather than ideology, the Japan Socialist Party began its electoral decline, from 30 percent of the vote to around 11 percent today. The Socialist share drifted to other opposition parties, such as Komeito, rather than to the LDP, but the people voted their pocketbooks consistently enough to keep the conservatives in the 40 percent range. So long as the LDP could avoid a fatal fissure in its ranks, the electoral system assured it the government.

The electoral system for the lower house was a legacy from the 1920s, which the American occupiers had accepted at the urging of Japanese elites. Electoral districts chose three to six members, depending on the district's population, but each voter could vote for one and only one candidate. The system showed a bias toward rural voters, though the demographic shifts made the rural edge less significant. Most important, candidates needed only a small slice of the district's electorate, say 13 percent, to have reasonable assurance of election.

Except for national leaders seeking prestige, there was no reason to appeal to the mass of voters in a district. Local special interest groups (organized into candidate support organizations called *koenkai*) were the easiest way for an LDP candidate to amass a mini-majority. In similar fashion, opposition parties could rely on organized supporters (such as the public sector unions of the old Sohyo labor central for the Socialists) to carry a candidate past the post.

Consequently, the system undermined voter choice and party discipline by fostering competition among candidates from the LDP, who could expect two or three winners in many districts, and discouraging competition between the LDP and the opposition parties, who counted on a fairly predictable share of the vote. For conservatives, the real parties were the *koenkai*, the LDP's factions and, from the 1970s, the *zoku* (tribes) in thrall to nationwide special interests (for example, construction or agriculture).

The electoral mechanics fostered an insatiable demand for money to lubricate the *koenkai*. The asset

"bubble" of the mid-1980s fed an exponential increase in campaign financing, too often from shadowy sources who were themselves beneficiaries of the "bubble." This became an increasingly normal granary for politicians and favor seekers, a principal reason that Japan's customarily prudent financial authorities delayed remedial action. When a land scandal (the "Recruit" affair) exposed Japan's vulnerability to economic distress, the Bank of Japan ratcheted up interest rates, deflating the bubble. But by then it was too late for a soft landing.

### THE 1980S IN PERSPECTIVE

The bubble economy was judged by Japanese and Westerners to be the result of Japan's superior economic model. To their credit, top officials from the Keidanren foresaw trouble but they were in a distinct minority as real estate and the Nikkei stock index boomed. In the West commentators seemed to believe that Japan possessed a secret formula that rendered the laws of economics null and void. Even the *Economist*, in its November 11, 1989, issue, shortly before the bubble burst, called the boom "unstoppable."

For some the Japanese model warranted emulation, right down to the establishment of an American MITI endowed with a talismanic "industrial policy." For others the model was fearsome, a Pacman gobbling up the world economy. Few, even among observers disinclined either to dewy eyed admiration or abject fear, examined the political causes of the bubble and its consequence, recession. Western commentators articulated a version of bureaucratic politics theory in which the tripod of business, bureaucracy, and politicians ran on automatic pilot, seemingly programmed for perpetual growth. *Fortune* magazine's May 18, 1992, cover story, "Why Japan Will Emerge Stronger," is representative of the genre. A year later, stagnation and scandal would unseat the LDP, but politics passed unnoticed in the article, a celebration of economic invincibility. Awash in superlatives, *Fortune* saw the "bubble" as having no lasting consequence and the recession, then well under way, as a speed bump on the expressway to the world's most important economy.

Recession persisted, running longer (37 months) than any previous postwar recession. The automatic pilot allowed for interest rate cuts, but not for a fiscal stimulus. Finance Ministry bureaucrats, the "best and the brightest" Japan had to offer, crafted budgets increasing funding for infrastructure, but offset them with tax increases, taking away with one hand what Finance gave with the other. In a milder recession, the Bank of Japan's measures might have sufficed, but severe asset devaluation and the consequent blow to Japan's banks, credit unions, and mortgage companies meant that cuts in the interest rate (now at an unprecedented one-half percent) by themselves would not restart the economy. Domestic demand suffers and the

current account surplus threatens Japan's competitive position. This time it has not been so much a dollar problem as a "yen problem," caused by inadequate macroeconomic policies.

## KYOTO VS. NIKKO

The Japanese self-image, rooted in a history filled with natural and human calamity, is that of a culture of scarcity in which frugality and the avoidance of display are honored, even by those with money. This attitude finds expression in the serene gardens of the old capital, Kyoto, in legends of selfless samurai, and in the idealization of simple farm village life. From 1945 until the 1970s, the image corresponded to the reality of a hard-working Japanese nation, dedicated to economic progress.

But there is another strain, symbolized by the sumptuous Toshogu Shrine at Nikko, a seventeenth-century mausoleum honoring Ieyasu, the first Tokugawa shogun. In the go-go 1980s, a speculative class that delighted in ostentation rode the bubble. This class's behavior contradicted the work ethic and sense of fairness that had characterized the postwar era. Among its members were gangland figures (*yakuza*). The Sagawa affair, involving the *yakuza*, an express company, and former LDP kingmaker Shin Kanemaru (in whose house the police discovered a hoard of gold) brought public anger to a boil. This, along with the recession, led to the ouster of the Liberal Democrats.

With the exception of electoral reforms, Hosokawa's coalition showed little coherence. Other elements of the reform agenda, deregulation and decentralization, fared badly because of disagreements among the coalition and opposition from vested interests, especially Japan's bureaucracy. The LDP/Socialist coalition, though it put an end to the cold war in Japanese politics, has not fared any better. Murayama's coalition is a transitional government. The question remains, a transition to what?

Reform, which depends on the movements of Japanese society rather than the fortunes of any political group, is uncertain. Government committees turn out plans to conduct further planning for deregulation, *de facto* recipes for indefinite postponement. And despite an evident desire in the provinces for greater autonomy from the all too visible hand of the Tokyo bureaucracy, decentralization remains a pious hope.

## WHAT NEXT?

Japan has entered a confused stage. Scenarios range from renewed reform to political atrophy, leading to the entrenchment of the bureaucratic state in a climate of apathy. A government of retainers, and retainers of retainers, would not be a new phenomena. But the reform instinct is also far from unusual, as shown by the Meiji era, the shift away from the "reverse course" in 1960, and the incomplete political changes unleashed in 1993.

Any mandate for change must await the next general election, which is why some leading businessmen have joined the media in calling for early dissolution of the Diet. The new electoral system for the House of Representatives (three-fifths single-member districts and two-thirds proportional representation) will not produce a stark two-party system, but it has provoked the demise of the JSRP and the unification of several opposition parties into the NFP. A three-party system similar to Germany's, in which the smallest party plays coalition balancer, is a likely outcome.

The shape of the political map is one thing, its content another. To oversimplify, Japan must deal with two linked issues: how to organize itself structurally (that is, to deregulate or not?) and what role to play internationally (for example, should the constitution's "no war" clause be amended, if only to authorize participation in UN peacekeeping?). Neither the body politic nor the parties shows much consensus about how to deal with these issues, a factor in talk of a liberal "third force," constitutionally cautious, but presumptively reformist.

Deregulation is a fashionable word, but there is unease, which vested interests play on, about how it might affect society. Opponents claim deregulation will raise unemployment to American levels, which no sensible Japanese wants. The argument does not compute; a regulated Europe has higher unemployment than the United States, while Japan's unemployment has risen from 1.9 percent to 3.2 percent because of recession, which in part stemmed from a relatively closed economy. The governing coalition backs deregulation, largely without enthusiasm. The NFP avowedly supports it, but the party's commitment can only be tested if it survives to win an election. Internationalization is fashionable but ill-defined. Constitutional reform, which excites concerns among Japan's neighbors about remilitarization, is just one element. Given the reluctance of most Japanese to go beyond UN peacekeeping, such fears seem exaggerated. Meshing the economy with the rest of the world may be the greatest challenge.

Japan could move into a global role commensurate with its talents, but it may just as easily retreat into the shell of its exceptionalist history. Relations with Asian neighbors and the United States will have something to do with the outcome, but the keys to the future are in Japanese hands. The answer lies not so much with politicians, whatever their virtues, as with the people. The revisionists' image of an unchanging Japan is wrong. Society has undergone tectonic changes since the end of the war, among them the shift from farm to city, the rise of a huge middle class, and prosperity inconceivable to the most visionary of Meiji reformers. A new work, *The Age of Hirohito*, Kaikichi Irokawa's magisterial summation of the history of postwar Japan, rings these changes convincingly. The voters will have to translate them into political change, if that is what they want. In the meantime, the world waits. ■

**"What is happening in Japan is not its re-Asianization but Japan's 'reassociation' with Asia at the economic, security, and cultural/societal levels. For most of its modern history, Japan has not been part of Asia. In fact, the re-Asianization of Japan is an oxymoron."**

## Distant Neighbors? Japan and Asia

BY TAKASHI INOGUCHI

**B**oth in and outside Japan, it has become fashionable to argue that Japan is in the process of re-Asianization. This is part of a larger argument that not only Japan but all of Asia is asserting an Asian identity in economic affairs, security arrangements, and social and cultural values.<sup>1</sup>

This argument rests on three lines of evidence. First, Asia's rapid and steady economic development has led to the expansion of intraregional economic transactions—hence, the re-Asianization of Asia is under way economically. Second, in reaction to the scaled-down American military presence in Asia (which is part of the global reduction in United States military forces), there have been some attempts to indigenize security arrangements in Asia, albeit within a broader framework of an American security hegemony. Third, economic development has helped the region regain its self-confidence, which has manifested itself in assertions of Asian cultural traditions and values. Singapore's trumpeting of Asian values, Japan's highlighting of the Japanese economic model, and Malaysian and North and South Korean nationalism are often mentioned as examples.<sup>2</sup>

While Asia's re-Asianization has been taking place for years, Japan has had a very ambivalent role in the process. What is happening in Japan is not its re-Asianization but Japan's "reassociation" with Asia at the economic, security, and cultural/societal levels. For most of its modern history, Japan has not been part of Asia.

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<sup>1</sup>See for example Yoichi Funabashi, "The Asianization of Asia," *Foreign Affairs*, vol. 72, no. 5 (November/December 1993).

<sup>2</sup>See Kishore Mahbubani, "The Pacific Way," *Foreign Affairs*, vol. 74, no. 1 (January/February 1995).

In fact, the re-Asianization of Japan is an oxymoron. This can be seen in the phrase "Japan and Asia," which is as accepted as "Britain and Europe." "Japan in Asia," however, sounds like the phrase "Britain in Europe."

### JAPAN'S SECURITY RELATIONSHIP WITH ASIA

Japan's reassociation with Asia can be discerned in its widening security, economic, and cultural links with the continent.

United States security requirements have dominated Japan's security relationship with Asia. Born out of Japan's defeat by the United States in World War II, the Japan–United States security treaty ceded United States security hegemony over Japan and the surrounding region at the end of the American military occupation of Japan in 1952. Since the cold war between the United States and the Soviet Union had already flared up in the late 1940s, it was natural for the United States and Japan to extend their victor-vanquished security relationship once the occupation ended.

The basis of Japan's security relationship with Asia was thus overshadowed by American cold war logic. Hence, although Japan normalized diplomatic relations with the Soviet Union in 1956, a peace treaty did not follow. Similarly, Japan's normalization of relations with China in 1972 took place only after the United States had done so in 1971. Diplomatic normalization with Vietnam became possible only after the United States withdrew from Vietnam in 1973. And Japan and North Korea still have not normalized relations.

Diplomatic relations with South Korea also illustrate this cold war logic at work. The fact that Japan and South Korea, two United States allies in East Asia, were at odds with each other between 1948 and 1965 (when relations were normalized) impeded the establishment of a more effective United States-led security hegemony in the region. Security ties between the two countries, however, were more a function of United States security strategy than Japanese–South Korean security concerns.

Except for its ties with South Korea, Japan did not

develop security relationships with other Asian countries during most of the cold war. What brought Japan closer to Asia was Japan's security relationship with the United States and Japan's economic benefits, such as those acquired during the Korean and Vietnam Wars.

Yet Japan did develop its own security strategy during the cold war. By far the most important aspect of this was the enhancement of its military capabilities vis-à-vis the Soviet Union. The communist menace led the United States to abandon its initial policy of limiting Japan to a small, peace-loving agricultural nation in the Far East. Instead, the United States sought to turn Japan into an unsinkable aircraft carrier—one that would allow the United States to deter threats to the region and carry out military operations. Japan had to go along with this strategy since there was no real alternative in the early 1950s. While Japan's military, the Self-Defense Forces (SDF), was born out of the need to maintain internal security when a large part of the United States military was mobilized for the Korean War, the SDF gradually consolidated its security role as an auxiliary of the United States military might arrayed against the Soviet Union.

Japan's increasingly strong economic power nurtured Japanese relations with Asia. Ironically, such relations were first manifested in Japan's war reparations to some Asian countries. While reparations served their original purpose of mitigating Asian anger at the cruelties and miseries Japan had inflicted during the Second World War, they also constituted Tokyo's first inroads into Asia while its industrial basis was still small. With war reparations came diplomatic normalization, and with normalization came the extension of Japanese business activities to Asia. As Japan's economic interests grew in the 1950s and 1960s, its security interests simultaneously expanded to cover South Korea and Taiwan (however, at this time Japan's economic interests in much of Southeast Asia were not yet directly related to security issues).

The first oil crisis in 1973 led Japan to develop the concept of "comprehensive security." This new security strategy, recognizing Japan's critical need to secure foreign energy resources, focused on ensuring free passage at sea, especially in the Persian Gulf, the Indian Ocean, and the Pacific Ocean. Yet this expansion of security interests could materialize only in conjunction with the United States armed forces. What then took place was the steady expansion of Japan's Self-Defense Forces in terms of its ability to project naval and air power.

## THE NEW SECURITY PERSPECTIVE

The 1991 collapse of the Soviet Union is of foremost

importance to Japan's security interests, yet (not surprisingly) nothing has happened except that the critical importance of the Japan–United States security relationship has been stressed, not just for Japan but for all of Pacific Asia. Its calculus goes roughly as follows: the end of the cold war has created unprecedented uncertainty; thus the Japan–United States Security Treaty, the region's almost sole institutionalized and longest-functioning security mechanism, has to be revitalized to ensure Pacific Asia's security.

However, the arguments against the Security Treaty are not insignificant in both countries.<sup>3</sup> In the United States there have been growing calls for a post–cold war peace dividend, especially because disposable real income has been in virtual decline since 1980 for more than 90 percent of the population. This call has taken the form of both neoisolationism and hegemonic unilateralism. The former holds that the United States should not waste its resources when its allies are unwilling to bear the costs of alliance. The latter maintains that the United States should impose its will over its allies while it is strong enough to do so, thus bolstering its security arrangements in anticipation of the long-term decline of the United States.

In Japan, calls for the termination of the Security Treaty used to come from left-wing forces and extreme right-wing nationalists. After 1991—and especially since the coalition government headed by socialist Prime Minister Tomiichi Murayama came to power in 1994—the voices for termination have come from nationalists in the once center-right field of the political spectrum. This shift can be attributed to increasing agitation over what is widely perceived in Japan as America's impulsive arm-twisting style, largely derived from domestic political concerns and designed for domestic consumption.

Japan's post–cold war security policy has been articulated more fully in three areas: North Korea, the Taiwan Strait, and the South China Sea. But the United States continues to play a critical role in all three. First, North Korea's nuclear ambitions were in the spotlight between 1994 and 1995, almost leading at one point to a United States–led military embargo against the Communist state. Japan's core interest in North Korea lies in preventing nuclear proliferation and preserving the status quo on the Korean peninsula, along with continuing its friendship with the United States. The North Korean issue reminded Japan of the need to consolidate its nuclear energy supply scheme in a manner both cost-efficient and in harmony with the international nuclear energy regime, and of the need for a Japanese missile defense weapons system.

The second focus of Japanese security policy is the Taiwan Strait and the issue of national unification between Taiwan and China. Taiwan has been steadily democratizing, and along with democratization the desire for Taiwanese independence has grown in the

<sup>3</sup> See, *inter alia*, Joseph Nye, "The Case for Deep Engagement," and Chalmers Johnson and E.B. Keehn, "The Pentagon's Ossified Strategy," *Foreign Affairs*, vol. 74, no. 4 (July/August 1995).

government and among opposition parties. At the same time, China has been registering a steady advance in economic development; it has also built up its military at an alarming speed. This is taking place amid growing uncertainty about the leadership of the Chinese Communist Party. Finally, the United States has seemingly been enhancing its level of contact with the government in Taipei, which has enraged Beijing.

Japan's security interests lie in China's continued political stability. Japan should encourage China to avoid too rapid economic development—which could ignite social unrest, political instability, and major international contestation—while strengthening the policy of peaceful coexistence with the Taiwan-China scheme.

The third area of policy concern, the South China Sea disputes between China and many of the member countries of the Association of Southeast Asian Nations, has put Japan in a difficult position. Although it has not taken sides, some private Japanese firms have invested in a Chinese-Taiwanese consortium exploring for petroleum along with some United States firms. (This is one small departure from Japan's past energy policy in that Japan has adopted a more proactive policy of exploring and exploiting petroleum resources.) Here Japan's security interests lie not only in safeguarding the sea-lanes for petroleum imports but also in meeting its ever-increasing energy demands by joining energy production schemes directly.

## THE ECONOMIC RELATIONSHIP WITH ASIA

In the 1950s and 1960s, Japan's economic ties with Asia were insignificant in comparison to its economic ties with the United States. The low level of national income in much of Pacific Asia (including Japan) during those two decades also put intraregional economic relationships at a slightly more than negligible level. By the mid-1960s Japan, and by the late 1970s the four dragons (South Korea, Taiwan, Hong Kong, and Singapore) had achieved higher income levels, with the result that Japan's economic relationship with Asia became significant. The subsequent all-out rise of Pacific Asia's economies in the 1980s and 1990s has placed Japan's economic relationship with Asia on a par with its relationship with the United States.

The relative pattern of Japan's trade with, investment in, and official concessional flows to such countries has roughly coincided with their developmental momentum; first Thailand and Malaysia, then Indonesia and the Philippines, and now China, Vietnam, and Burma. Moreover, since the 1985 Plaza Accord, which triggered the yen's steady appreciation against the dollar, Japanese direct investment has grown, with much of Pacific Asia the destination. While Japanese capital has become a prime shaper of Pacific Asian economic relations, one should not be misled into believing that Japan has become Pacific Asia's predominant economic

actor. Americans and West Europeans have also become important players there, especially in the total amount of direct investment in the region. Furthermore, the United States remains a critical market for most Pacific Asian countries, since Japan has not been able to absorb the region's exports. China's rise as an economic power seems to have reduced the relative weight of Japan in the eyes of many in the United States; nevertheless, it cannot be denied that in the past 50 years Japan has been a primary economic actor that has precipitated much of Pacific Asia's dynamic growth.

In examining Japan's economic relationship with Asia, one cannot overlook the fact that it has been generally associated with alliance patterns. During the cold war, Japan's economic ties were confined to noncommunist Asian countries. Although its economic relations with North Korea, Outer Mongolia, and (North) Vietnam were politically significant, they were not economically significant, at least for Japan during that period.

Japan's economic relationship with China, however, became very significant by the mid-1980s, when China's economic reforms started to bear fruit. Japan applied its policy of separating economics from politics to China during the cold war quite successfully.

In the 1990s, the globalization and liberalization of economic activities have accelerated and are especially pronounced in Pacific Asia. This region is a clear beneficiary of the international free trade regime, since it depends critically on free access to export markets and energy supplies. However, intraregional diversity in terms of development and income level has encouraged many Pacific Asian nations to rely primarily on the General Agreement on Tariffs and Trade (GATT) (and subsequently the World Trade Organization, or WTO) on trade matters. Only recently have the Asia Pacific Economic Cooperative (APEC) forum and other, more regionally oriented economic institutions been highlighted.

The basic nature of such regionally oriented institutions as APEC has been to support loose and open regionalism; they are not replicas of such integrating and liberalizing institutions as the European Union or the North American Free Trade Agreement. In their view, regionwide market and trade liberalization has to move more or less according to market forces and the actions of national governments.

However, the United States sees much of Pacific Asia as a bastion of regulation and protection. This perception, coupled with the region's almost perennial trade surplus with the United States, has led the United States to act as a politically driven unilateral liberalizer of Pacific Asian markets. Most pronounced in this respect is Japan's troubled economic relationship with the United States. More recently, China's economic difficulties with the United States have come close to

Japan's. America's insistence that China improve human rights conditions before extending most favored nation status to China this spring is such an example. These economic disputes seem to take place with ever-growing economic interdependence and interpenetration between Pacific Asia and the United States. The nature of Japan's economic relationship with Asia may thus be better understood when placed in a larger framework encompassing both sides of the Pacific Ocean.

### THE PSYCHOLOGICAL RELATIONSHIP WITH ASIA

Let us return to our starting point: Is Japan part of Asia? In order to answer this question from a 50-year perspective, I would like to examine how the Japanese locate World War II in their national consciousness.

In identifying World War II in the minds of the Japanese people, it is important to recall that that war stands only midway in the continuum of modern Japanese history. The Japanese perspective on the war is based on the continuity of modern history, the tenacity of national identity, and memory of that history—attributes that distinguish the Japanese from many others. The problem is that this continuity and tenacity places the Japanese in a difficult position when the Second World War is regarded as war between freedom and dictatorship, and as the former's victory over the latter.

The Japanese version of history is roughly as follows. World War II should be called, at best, a complex war; from the very beginning of Japan's encounter with the West, the Japanese found themselves besieged by the West's military, economic, and civilizational onslaughts. In order to cope with or overcome the possible colonization of Japan by the West, the Japanese modernized their country—the army, the industries, and the government—through diligence, tenacity, and intelligence. Japan excelled at the game of the imperial powers, eventually achieving two victories at the turn of the century, over China in 1895 and over Russia in 1905. Japan also excelled at the game of the newly industrializing economies, becoming the first modern non-Western economy in the world before World War I. And Japan is among the first modern non-Western governments in the world that introduced, in the late nineteenth century, a form of parliamentary democracy.

Yet Japan's successes in these triple games—imperial, economic and civilizational—placed the Japanese in a difficult position by the late 1930s. Because of the barriers put in place against Japan in trade, investment, and other colonial activities by the Western powers, Japan was forced to take military action—forced to occupy much of its adjacent areas in order to defend itself in case of a future confrontation with the Western great

powers. Given a Hobson's choice of reversing everything or confronting the West, Japan chose the latter.

Japan's war against the West is widely regarded as a sinful war outside Japan. But the West, a similarly colonialist and imperialist power, is no less sinful. Japan's war against its Asian neighbors is widely acknowledged as wrong. But the Asians were victimized not only by the Japanese but also by the Westerners. Asia became perforce an arena for imperialist competition between two powers. A clear-cut summation of Japan's war has thus become difficult. On the one hand, Japan is no less guilty than the West. On the other hand, Japan is plainly guilty. But, the argument goes, if the West and the rest of the international community criticize Japan for having been singularly guilty, then something is wrong with the universally accepted version of history.

What is important is that given the predominance of universally accepted history, the Japanese, afraid of carrying international ill-will and of hurting their 150-year-old aspirations to stand on par with the West, have not vigorously put forward their differing views on the war. While feeling guilty about their victims, the Japanese quietly dissent from the hegemonic interpretation of modern history (that is, the one accepted by, for example, five permanent members of the United Nations Security Council).

*For most of its modern history, Japan has not been part of Asia.*

As was noted, for the Japanese, Japan's modern history has continuity. In the 1930s and 1940s, some military cliques made terrible mistakes; they were prosecuted and the necessary reforms were made after 1945. Yet the country's original

hopes of parity with the West did not die. According to this version of history, it is these aspirations and struggles, along with organizational and spiritual solidarity, that have made Japan a country of great economic and technological strength. The 1930s and 1940s were an aberration of modern Japanese history. After 1945 Japan was remade to return to the right track. It has, as a result, achieved a status sometimes surpassing that of the West in terms of wealth (in per capita GNP) and health (longevity).

This is in great contrast to the Germans in what became West Germany. Their version of history holds that all modern German history led to the Third Reich, and when the Reich ended in 1945, so did all modern German history. In 1945 the West Germans started *de novo*. In what became East Germany, the official version of history held that communists were victimized by the Nazis and that they fiercely resisted. In Austria, the official history says that Austrians were forced to act as they did by the Nazis and that the Austrians were victims.

Modern Japanese history also has three versions of wartime history that are derived from the version we have been discussing. The left-wing version acknowl-

edges Japan's guilt while stressing the dark side of Japan and the "no less sinful" aspect of the West. This version emphasizes that communists were jailed during wartime and portrays them as resisters and victims. In the end, the left-wing version offers a lesson on pacifism. The center-right's version stresses the less-dark side of Japan and tones down the sinful aspect of the West. This version accommodates the hegemonic interpretation of history. The majority of Japanese have accepted the Allied powers' interpretation of modern Japanese history in the sense that the military cliques led Japan in the wrong direction and that the Japanese people were largely victims. The right-wing version of modern Japanese history justifies the war both as self-defense against the Western economic embargo and as the liberation of Asia from Western colonization. The right-wing version resembles the Austrian version of history. It stresses the continuity of national identity and national aspirations while occasionally challenging the hegemonic cum universal interpretation of World War II in various forms, such as portraying the war as having liberated colonized Asian countries.

All this demonstrates why Japan has not been able to fully come to terms with Asia as understood by Asians in the framework of Allied powers of the Second World War. This means Japan's psychological relationship with Asia has not been fully harmonious. Psychologically speaking, juxtaposing Japan with Asia is more comfortable for many Japanese than placing it within Asia.

### **JAPAN'S ROLE IN ASIA**

I have examined Japan's relationship with Asia in three areas: security, economic, and psychological. In the first the United States has been predominant, framing and overshadowing Japan's relationship with Asia since 1945. Although the United States has been downsizing (or "rightsizing") its military presence in Asia the past two decades, the overall picture has not changed much. The post-cold war tensions on the Korean peninsula, along the Taiwan Strait, and in the South China Sea, for example, have led the United

States to exercise vigilance and heighten military preparedness to display its muscle. In the security context, future discussion of Japan's role in Asia is likely to focus on whether Japan's broader and more proactive orientation materializes as Japan continues to maintain its security arrangements with the United States as a stabilizing linchpin for the region.

Economically, the Japanese relationship with Asia has grown dramatically in the last 50 years. But it is important to stress that Asia's development, including Japan's, owes much to the presence of the global free trade regime and the relatively open and large United States markets that have absorbed Asian products. As was noted, the interdependence and interpenetration between Pacific Asia and North America have also increased. Within the economic context, future discussion of Japan's role in Asia will likely focus on whether Japan's more global and enlightened orientation catalyzes its initiatives to consolidate the free trade regime and accelerate its own market liberalization.

Japan's psychological relationship with Asia, like its economic relationship, has no less dramatically broadened since the end of World War II. Yet it is important to stress some differences between the two about how the Japanese people place themselves in the historical evolution of the pre- and post-1945 world order, especially their role in colonialism and imperialism in the pre-1945 era and their position in the United States-led world order. In the long perspective of the next half century, Japan's role in the post-cold war world order is most likely to focus on convergence among the Asian countries; Japan, which will be less stigmatized by the psychological scars of the century preceding 1945, will be part of this process. Within this context, the discussion of Japan's role in Asia is likely to focus on whether Japan's open and engaging orientation fuels its initiatives to bring together Asians in activities such as regionwide historical documentation and analysis, and toward joint cooperative undertakings with global purposes such as United Nations peacekeeping operations. ■

# THE MONTH IN REVIEW

September 1995

## INTERNATIONAL

### Middle East Peace Talks

Sept. 28—In Washington, Israeli Prime Minister Yitzhak Rabin and Palestinian Liberation Organization (PLO) chairman Yasir Arafat sign an agreement that will gradually place most of the Israeli-occupied West Bank under Palestinian control. Israel will withdraw all its troops from "populated" areas by March 30, 1996; Israelis and Palestinians will share jurisdiction over designated "rural" areas; and Israeli troops will remain permanently in "Israeli" areas, such as settlements and military posts. Hebron will be split into three zones: 1 guarded by Palestinians, 1 by Israelis, and 1 by both forces. Elections will be held for an 82-member Palestinian Council, which will become the civil authority in the West Bank, and the "head of the executive authority." The Council will remain in power until 1999, when final autonomy arrangements are to be completed. In the meantime, Israel will continue to have jurisdiction over Palestinian borders and foreign matters. Jews will be guaranteed free access to religious sites in Nablus, Bethlehem, and Hebron.

### North Atlantic Treaty Organization

Sept. 20—NATO approves guidelines for the admission of former Soviet-bloc countries to the alliance; prospective members must demonstrate a commitment to the free market, human rights, and democracy.

### United Nations

Sept. 20—China prohibits Taiwan from requesting entry into the UN by voting to strike the proposal from the General Assembly's agenda; this is the 3d consecutive year it has taken this action.

### World Court

Sept. 22—The World Court refuses to reopen a 1973 case in which New Zealand had sought to ban French atmospheric nuclear testing in the South Pacific; the court says the case cannot be reopened because the current French testing is underground.

## AFGHANISTAN

Sept. 5—The student-led Taliban militia captures Herat, Afghanistan's 2d-largest city; the Taliban entered the civil war last year and has taken control of one-third of the country. Sept. 6—Thousands of government supporters protesting Pakistan's support of the Taliban rebels burn the Pakistan embassy in Kabul; 1 embassy official is killed.

## ALGERIA

Sept. 2—A truck bomb kills 4 people and injures 80 in Algiers; the Armed Islamic Group is believed responsible. Sept. 28—Former Interior Minister Aboubaker Belkaid is killed in Algiers; no group takes responsibility for the shooting.

## BELARUS

Sept. 12—Belarusian fighter jets shoot down an American

hydrogen balloon that had drifted over the border with Poland while competing in a race, killing the 2 American crew members; 2 other American balloons are forced down; Belarusian authorities claim they attempted to radio the Americans and fired warning shots before downing the balloon.

## BOSNIA AND HERZEGOVINA

Sept. 1—NATO suspends air strikes on Bosnian Serb targets after the US announces that a meeting between the foreign ministers of Croatia, Serbia, and Bosnia will be held in Geneva on September 8 to discuss a Bosnian peace settlement.

Sept. 5—NATO resumes bombing after Bosnian Serbs refuse to remove heavy artillery and mortars to areas 12.5 miles outside Sarajevo.

Sept. 12—Bosnian Muslim, Bosnian Croat, and Croatian government forces begin an offensive to retake Serb-held territory in western and northern Bosnia.

Sept. 13—The UN reports that at least 40,000 Bosnian Serb refugees are fleeing western Bosnia and heading north to the Bosnian Serb city of Banja Luka.

Sept. 14—NATO announces that it will suspend air attacks after Bosnian Serb leader Radovan Karadzic and Bosnian Serb military commander General Ratko Mladic agree to withdraw all heavy weaponry outside the 12.5-mile "exclusion zone" around Sarajevo.

Sept. 19—Bosnian Muslim and Bosnian Croat leaders pledge not to attack the Bosnian Serb stronghold of Banja Luka; the Bosnian militias have captured a large swath of Serb-held territory since their offensive began September 12.

Sept. 21—UN and NATO forces announce that the Bosnian Serbs have removed their heavy weaponry from around Sarajevo.

Sept. 26—at the UN, foreign ministers from Bosnia, Croatia, and Serbia (representing the Bosnian Serbs) agree on a government structure for Bosnia under which Bosnia would remain a single country, but with 2 substates: a new Serb republic and a Muslim-Croat federation; the ministers are unable to arrange a cease-fire.

## CHINA

Sept. 27—While on a visit to the US, Foreign Minister Qian Qichen says that a contract to sell 2 Chinese-built nuclear power reactors to Iran has been canceled; the US had been critical of the proposed sale.

## COLOMBIA

Sept. 20—Revolutionary Armed Forces of Colombia (FARC) guerrillas kill 24 plantation workers in northwest Colombia; the workers are believed to have been former FARC guerrillas who had turned in their weapons as part of a peace agreement with the government.

Sept. 27—President Ernesto Samper's lawyer, Antonio José Cancino, is wounded in an attack in which 2 of his bodyguards are killed; Cancino has defended Samper against charges that he received campaign contributions from drug kingpins. The Movement for the Dignity of Colombia takes responsibility for the attack.

**COMOROS**

Sept. 28—A French mercenary, Bob Denard, overthrows the government of President Said Mohamed Djohar; Captain Combo Ayouba, the head of a transitory military committee, takes control of the country.

**CUBA**

Sept. 6—The National Assembly passes a law that will allow foreign investment, beginning this year, in all economic sectors except education, health care, and defense; it will also grant foreign companies 100% ownership in their Cuban businesses.

**EGYPT**

Sept. 20—The government claims it has discovered 2 mass graves in the Sinai containing the bodies of Egyptian prisoners of war and unarmed civilians executed by Israeli forces during the 1967 War.

Sept. 23—Government officials report that Talaat Kassem, a senior leader of the militant Islamic Group, which is attempting to overthrow the government, has been arrested in Croatia. Kassem, who was granted asylum by Denmark in 1992, has been sentenced to death in Egypt for organizing assassinations; officials say the government will attempt to extradite him.

**FRANCE**

Sept. 1—The military seizes 2 Greenpeace ships and arrests 2 divers off Mururoa atoll in the Pacific Ocean; Greenpeace is protesting France's decision to renew underground nuclear testing on the atoll.

Sept. 3—A bomb explodes at a Paris market, wounding 4 people; this is the 4th such explosion in Paris in the last month; officials believe the Algerian-based Armed Islamic Group is responsible.

Sept. 5—The government begins nuclear testing on Mururoa atoll.

Sept. 7—A car bomb explodes outside a Jewish school in a Lyons suburb, wounding 14 people; Islamic militants are believed responsible for the attack.

Sept. 9—In a nationwide sweep, police arrest 31 suspected Islamic militants in connection with 6 bomb attacks since July 25.

**GEORGIA**

Sept. 18—Deputy Security Minister Temur Khachishzili is arrested in connection with the August 29 car bombing that wounded Georgian President Eduard Shevardnadze; Khachishzili is believed to be associated with parliament member Dzhaba Ioseliani, the leader of the paramilitary group called the "Horsemen" who withdrew from the presidential race last week.

**GREECE**

Sept. 13—The government announces that it will lift its trade embargo on Macedonia if the former Yugoslav republic agrees to certain concessions, including a change in its flag; the embargo has been in effect for 19 months. Greece has refused to recognize Macedonia since it declared independence in 1991.

**HAITI**

Sept. 18—President Jean-Bertrand Aristide announces that he will step down when his elected term formally ends on February 7, 1996.

Sept. 28—Members of Aristide's Lavalas Platform win the majority

of legislative seats in a 3d round of runoff elections that were held September 24; Aristide supporters capture 17 of 27 seats in the upper house and 67 of 83 seats in the lower house.

**IRAN**

Sept. 20—An Iranian plane hijacked by a flight attendant September 19 on a flight from Teheran to Kish is allowed to leave Israel, where the hijacker and 5 passengers had sought asylum. The hijacker is granted asylum; the passengers and crew are returned to Iran.

**ISRAEL**

Sept. 28—In Hebron in the Israeli-occupied West Bank, hundreds of Israeli settlers protest the agreement signed today by the government and the PLO that will eventually cede control of the West Bank to the Palestinians.

Sept. 30—Hundreds of Israeli settlers protesting the new Israeli-PLO agreement march through Hebron, attacking Palestinian-owned cars and homes; 2 settlers are arrested.

**ITALY**

Sept. 26—Former Italian Prime Minister Giulio Andreotti goes on trial on charges that he granted political favors to the Sicilian mafia.

**JAPAN**

Sept. 22—Trade Minister Ryutaro Hashimoto is elected leader of the Liberal Democratic Party.

**LEBANON**

Sept. 25—Two Israeli soldiers are killed in an attack on their post by Iranian Party of God guerrillas in Israeli-occupied southern Lebanon.

**LIBYA**

Sept. 9—In Benghazi, government soldiers clash with foreigners who are being forcibly expelled from Libya; at least 30 people have been killed in 2 days of fighting. The clashes follow stepped-up efforts by Libyan leader Colonel Muammar Qaddafi to expel foreign workers, mainly Palestinians, Sudanese, and Egyptians.

**MEXICO**

Sept. 25—Authorities arrest Edgar Nicolas Mariscal in the 1993 shooting death of Roman Catholic Cardinal Juan Jesús Posadas Ocampo in Guadalajara; the cardinal and 5 bodyguards were killed when gunmen mistook them for a drug gang.

Sept. 28—*The New York Times* reports that government officials have expelled or refused reentry into Mexico to 4 Catholic priests involved in peace talks in Chiapas. The officials allege that the 4 priests were instigating rebellion by Chiapan peasants.

**NEPAL**

Sept. 10—The Communist government is dissolved after Parliament passes a no-confidence vote, 107 to 88; opposition parties accuse Prime Minister Manmohan Adhikari and his government of abusing land reform programs and placing supporters in civil service positions.

**PHILIPPINES**

Sept. 12—The supreme court upholds Imelda Marcos's right to sit in Congress and confirms her May victory in the congressional race; the Commission on Elections had disqualified her on a technicality.

Sept. 20—*The New York Times* reports that an Islamic court in the United Arab Emirates has sentenced a Philippine maid, Sarah Balabagan, to death on September 17 for killing a man who had raped her; President Fidel Ramos has sent 3 top ministers to the country to discuss her sentence.

## RUSSIA

Sept. 8—By a vote of 258 to 2, the lower house of the Duma passes a nonbinding resolution that calls on President Boris Yeltsin to suspend Russia's cooperation agreement with NATO because of NATO's air bombardment of Bosnian Serb positions in Bosnia.

Sept. 13—A rocket-propelled grenade is fired into the US embassy in Moscow; no injuries are reported; no one claims responsibility for the attack.

Sept. 22—After the Kola Peninsula power authority cuts off electricity to a nuclear submarine base in northern Russia, claiming the base owes it \$4.5 million, soldiers take control of 4 power substations in the region and force the company to restore power to the base.

## RWANDA

Sept. 13—The UN reports that the army killed 100 Hutu along the border with Zaire on September 11.

## SOMALIA

Sept. 1—Fighting between supporters of Mohamed Ali Mahdi and General Mohamed Farah Aidid in Mogadishu leaves 14 people dead and 74 wounded.

Sept. 17—Aidid's militia seizes the city of Baidoa; several aid workers are taken hostage.

Sept. 22—General Aidid releases 14 hostages.

## SRI LANKA

Sept. 6—Most of the 136 passengers aboard a ferry hijacked on August 30 are released by the Tamil Tiger guerrillas; the freed hostages are handed over to the Red Cross; an indefinite number of hostages remain onboard.

## TURKEY

Sept. 20—Prime Minister Tansu Ciller resigns after the Republican People's Party withdraws from her ruling coalition to protest the government's austerity program, which has kept wage increases below inflation. Ciller says she will try to form a new government instead of calling for emergency elections.

## UNITED STATES

Sept. 5—A federal court in Baltimore orders Emmanuel Constant, the head of the Haitian paramilitary Front for Advancement and Progress, to be deported to Haiti to face murder, torture, and rape charges; Constant entered the US last year on a tourist visa and was arrested May 10.

Sept. 6—The Senate Select Committee on Ethics votes unanimously to expel Senator Bob Packwood (R.-Ore.) from the Senate for sexual misconduct, obstruction of justice, and violation of the Senate's ethics code.

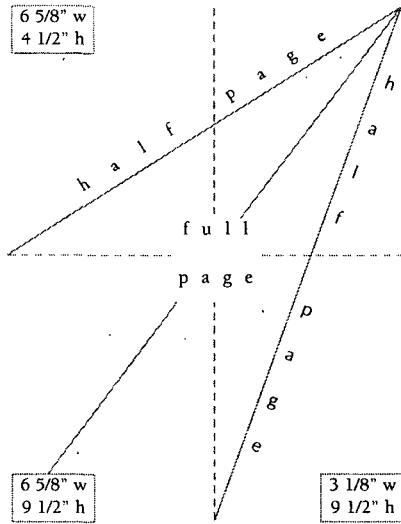
Sept. 7—Packwood resigns his seat. ■

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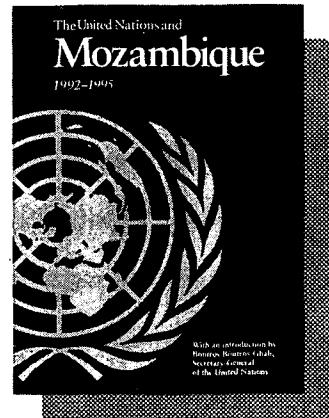
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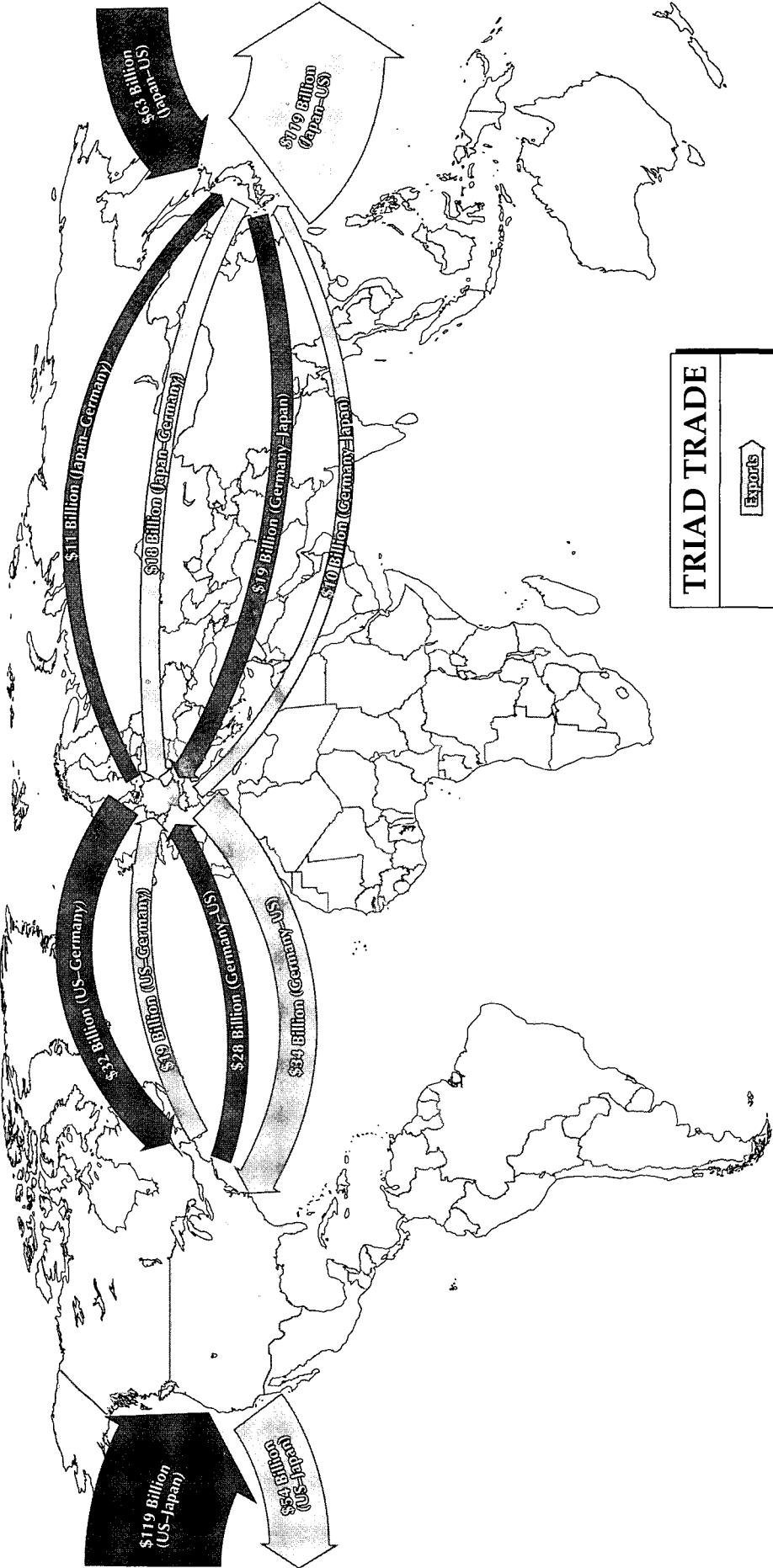
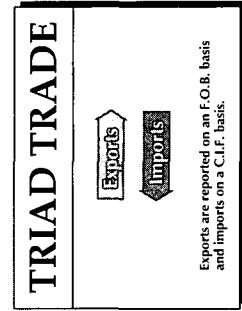
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